The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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SATURDAY, JUNE 22, 1935 VOLUME 73, NUMBER 4

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Shanghai, June 19, 1935

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Demand buying rate on America:	U.S.$1.00=Sh. $ 2.43
Demand selling rate on London:	£1.0.0=Sh. $12.19
Demand buying rate on London:	£1.0.0=Sh. $12.03

Latest New York Stock Exchange Quotations

June 19, 1935
Business Done:-
Total Volume: 890,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale June 17	Last Sale June 18
140⅝	90¼	4.00	American Can	139¼	140½
22½	14⅝	0.40	Amer. Cyanamid "B"	21⅝	21⅝
13⅜	2	—	American & For. Power	4⅛	4
38⅝	9¼	—	American Locomotive	15	15¼
17⅝	10	—	American Radiator	14¼	14⅜
51¼	30¼	—	American Smelting	41½	42
130	99¼	9.00	American Tel. & Tel.	127½	128
94¼	67	5.00	American Tobacco "B"	91¾	92⅝
27⅝	7¼	0.80	American Waterworks	12	12⅛
17⅞	8	—	Anaconda Copper	14⅞	14⅞
73⅝	36⅝	2.00	Atchison, T. & S. Fe	46⅝	47¼
35¼	21⅝	1.00	Atlantic Refining	26⅝	26⅝
57⅝	15	—	Auburn	22⅞	22⅞
24½	7⅝	—	Baltimore & Ohio	11⅜	12⅛
23⅜	9⅝	—	Bendix Aviation	14⅜	14⅝
49⅜	22½	—	Bethlehem Steel	26⅝	26⅝
11¼	6⅛	—	Boeing Airplane Co.,	7¼	7⅝
28¼	19⅝	1.60	Borden Co.	25⅛	25⅝
38⅞	16¼	1.50	Borg Warner	38¼	38⅞
18¼	9⅞	—	Canadian Pacific Railway	10⅞	11¼
56⅝	35	—	Case, J. I.	56½	56⅝
49⅝	23	1.00	Caterpillar Tr.	48¼	48¼
40⅝	15⅞	1.40	Chase National Bank	25⅛	25¼
48⅝	37⅛	2.80]	Chesapeake & Ohio	44⅝	45⅛
60⅝	29¼	1.00	Chrysler	48⅝	49
19¼	3⅝	—	Columbia Gas & Electric	6⅛	6⅝
36⅝	15⅝	0.60	Coml. Solvents	19⅞	20
3⅝	0⅝	—	Commonwealth & Southern (ord.)	1¼	5¼
47⅝	16¼	1.00	Consolidated Gas of N. Y.	24⅝	24⅛
23	15⅛	0.50	Continental Oil	21⅝	21¼
84¼	55⅛	3.00	Corn Products	75⅞	75⅝
9⅞	3⅝	—	Coty Inc.	4⅝	4¼
28¼	14½	—	Douglas Aircraft	25⅝	25⅝
103⅞	80	3.25	Du Pont de Nemours	103	103½
23½	3⅝	—	Electric Bond & Share	7⅜	7⅛
17½	3¼	—	Fox Film "A"	14½	15¼
26½	16⅞	0.60	General Electric	26½	26⅝
37½	28	1.80	General Foods	37¼	36⅞
42	24⅝	1.50	General Motors	31⅝	31⅝
23	14½	1.20	Gold Dust	17	17¼
41⅝	16	—	Goodyear Tire & Rubber	18½	18⅝
37¾	18⅜	0.25	International Cement	30¼	30⅝
29¼	21	0.60	International Nickel	28	27⅝
17⅝	5⅝	—	International Tel. & Tel.	9⅝	9⅝
66⅜	39	0.25	Johns Manville	51	52¼
23½	14	0.60	Kennecott	18	18
42½	20⅝	2.00	Loew's Inc.	41¼	41½
22½	15⅜	1.20	Lorillard	21¾	21
35⅝	20	—	Montgomery Ward	26⅝	27
49½	22¼	2.00	Nat. Biscuit	30⅝	30½
48	16⅝	1.00	National City Bank	23⅝	23⅝
18⅝	13	1.20	National Dairy Prods.	16⅝	16⅝
31⅝	16	0.50	National Distillers	25⅝	25⅞
15¼	5	0.80	National Power & Lt.	8⅝	8⅝
45¼	12¼	—	New York Central	17⅝	18¼
25¼	9½	1.00	North American	15¼	15¼
23½	12⅝	1.50	Pacific Gas & Electric	23½	23¾
37	19	2.40	Pacific Lighting	33	33
6⅝	2⅝	—	Packard Motors	3⅝	3⅝
39¼	17⅛	1.00	Pennsylvania Railroad	22⅝	23¼
22⅝	13	1.00	Phillips Petroleum	22½	22½
45	20⅝	2.40	Public Serv. of N.J.	36	36½
8¼	4	—	Radio Corporation	5⅝	5⅝
62⅜	43¼	3.00	Reynolds Tobacco "B"	50⅝	51⅝
28⅝	17⅛	—	Schenley	26⅛	26½
51¼	31	0.75	Sears Roebuck	40⅜	40⅝
19⅝	11	0.60	Socony-Vacuum	18⅞	18⅞
22¼	10⅛	1.50	Southern California Edison	19⅝	19¼
38⅝	13	—	Sthrn. Pacific	18⅝	19⅜
36⅛	7⅝	—	Sthrn. Railway	10⅜	10⅜
25¼	13⅝	1.00	Standard Brands	16	16¼
17	1⅝	—	Standard Gas & Electric	3⅛	3⅞
42⅞	26½	1.00	Standard Oil of Cal.	35⅛	35¼
50⅝	35⅝	1.25	Standard Oil Co. of N. J.	49	48⅝
67	47¼	3.50	Sterling Products	62½	63
29⅝	15⅝	1.00	Texas Corporation	20⅝	21
43¼	29	2.00	Texas Gulf Sulphur	35¾	35¼
8½	5	.12½	Transamerica	6¼	6¼
62	35⅞	1.40	Union Carbide & Carbon	61¼	61⅝
133⅞	83½	6.00	Union Pacific	104¾	105¼
15¼	2⅛	—	United Aircraft (New)	13½	13⅝
6½	3⅝	—	Un. Airline Trans.	5¾	5⅝
3⅞	1¼	—	United Corporation	2⅞	2⅞
24	9⅝	—	U. S. Rubber	12¾	12⅝
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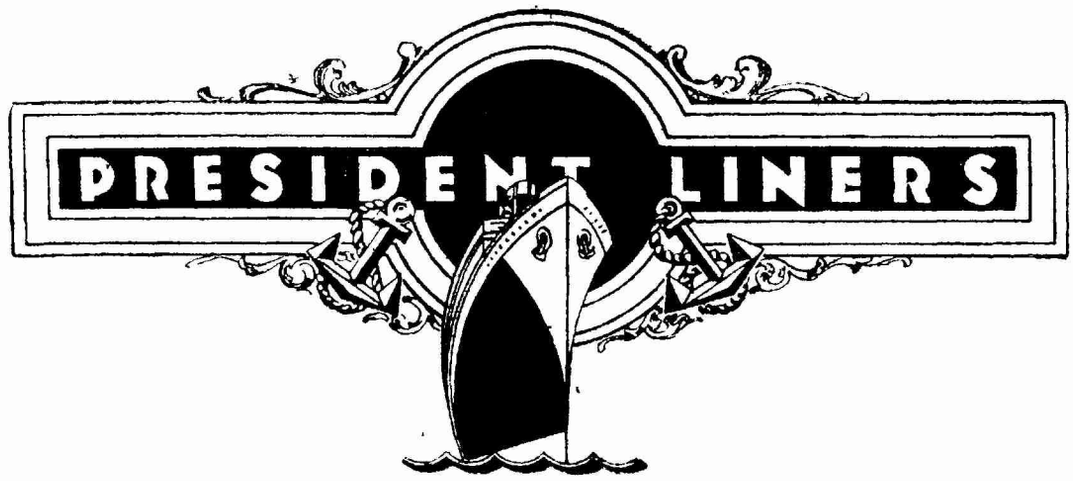

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Formerly Millard's Review

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A LEADER IN CHRISTIAN COOPERATION RETIRES FROM CHINA

WITH the impending departure from China (per s.s. *Scharnhorst*, due to sail July 2) of the Rev. E. C. Lobenstine, the missionary field in this country will lose one of its ablest workers. For thirty-seven years he has worked as a missionary in China. During twenty-two of these years he has served as a secretary of the leading Christian cooperative organizations. In 1913 he was appointed, together with Dr. C. Y. Cheng, as a secretary of the China Continuation Committee. In 1922 they were both appointed as secretaries of the National Christian Council of China into which organization the China Continuation Committee merged. About two years ago Dr. C. Y. Cheng resigned as General Secretary of the National Christian Council. At the last biennial meeting of the National Christian Council the resignation of Mr. Lobenstine from its secretariat was announced together with the statement of his retirment from China. As to length of service, therefore, Mr. Lobenstine is the senior secretary of these cooperative organizations.

Mr. Lobenstine has made an outstanding contribution to the progress of Christian cooperation in China. He has been a conspicuous leader in all the efforts to enlarge that Christian cooperation. In 1907 the Centenary Missionary Conference was composed of missionaries with a few Chinese Christians present as visitors. Mr. Lobenstine leaves the National Christian Council directly representative of the Christian Movement, mainly of the churches, and with the majority of its membership Chinese.

Rev. E. C. Lobenstine came to China in 1898 as a missionary of the Board of Foreign Missions of the Presbyterian Church in the United States of America. He worked first in the Kiangan Mission. In 1901 he started the work at Hwaiyuan, Anhwei. At this time his work was, in the main, that of itinerating evangelism. He was secretary of the Central China Famine Relief Committee in 1911-12 giving about a year to that work. He was head of famine distribution in the Hwai River valley. He then came to Shanghai to take up special work among students in connection with the Y.M.C.A. About that time Dr. John R. Mott

was planning for conferences to be held in different countries in accordance with the one resolution passed at the Edinburgh Missionary Conference of 1910. Mr. Lobenstine was appointed a secretary of the Committee on Preparation of the Edinburgh Continuation Committee Conference in China. The China Continuation Committee was organized March 15, 1913. Shortly afterwards Mr. Lobenstine was appointed one of its first two secretaries. Mr. Lobenstine was also a secretary of the Committee on Preparation for the National Christian Conference held in Shanghai in 1922. Out of this conference came the National Christian Council of China.

Along many other lines, also, has Mr. Lobenstine made his influence felt for Christian cooperative enterprise. He was at one time corresponding secretary of the China Christian Educational Association and has for many years been a cooperating secretary of that organization. For many years, also, he served on the Board of Directors of Nanking University. He is the only resident China missionary member of the Board of Directors of the Peking Union Medical College. He has had, therefore, a vital interest in both the educational and medical arms of the Christian Movement in China. At the recent biennial meeting of the National Christian Council of China (April 25-May 2, 1935) he was able to see one of his long cherished dreams actualized. Speaking at that meeting he said that twenty-two years ago he had urged the China Christian Educational Association and the Medical Missionary Association, now the Medical Missions Council of the Chinese Medical Association, to link themselves up with the China Continuation Committee. In this meeting both became commissions of the National Christian Council of China. During his period of service Mr. Lobenstine has seen these organizations substitute a centripetal for a centrifugal tendency. Both the organizations he has served so faithfully as secretary have been influential factors in leading these Christian agencies to closer relations with each other.

Since 1913 he has been a member of the Editorial Board of the *Chinese Recorder*. In 1916 and 1917 he was editor of the China Christian Year Book and has been on its editorial board in connection with every subsequent issue.

Mr. Lobenstine was a major factor in securing the funds for and erecting the Missions Building, in which the National Christian Council has its headquarters and which, through the revenue derived therefrom, contributes largely to the support of its work.

Mr. Lobenstine's principal contribution to the building up of Christian cooperation in China has been that of organization and ideals. That session of the National Christian Council at which announcement was made of Mr. Lobenstine's retirement was marked by deep feeling. In a speech of appreciation of his services Dr. Wu Yi-fang, President of Ginling Woman's College and Chairman of the National Christian Council for the next biennium, brought out four characteristics which have marked Mr. Lobenstine's secretarial service, viz.:—Conviction and devotion; faithfulness to the aims and interests of the China Continuation Committee and the National Christian Council; insight and foresight; vigor and courage.

One can only wish that the National Christian Council will carry forward the work he helped so much in starting and that he may in time return to China for further service.

Economic Significance of Japanese Aggression in North China

(By The Review's Tientsin Correspondent)

FEW persons seem to realize the tremendous importance of the economic course pursued by Japan in her present aggression in North China. The significance of these events now taking place in the Tientsin-Peiping district from the economic point of view lies hidden behind a veil of purely political demands, attracting general attention at present. Yet the economic advantages sought by Japan seem to be tremendous; they may be summed up in one sentence—they aim at nothing less than the establishment of the long-discussed Japan-Manchukuo-China economic "bloc."

There is sufficient evidence already to show that the present moment is regarded by the Imperial Japanese Army as an ideal opportunity to attain this objective. In the first place, the Japanese generals admit themselves that the "healthy" growth of Manchukuo has turned out to be a chimerical affair, far more difficult to attain than originally contemplated. This is especially true in regard to finances of the "baby state;" it still cannot stand on its feet without the aid of the "vitalizing spirit" of Japanese investments and also the funds pumped in through Japanese fiscal channels. In fact, the "baby" has turned out to be a "leech" or perhaps a better word would be "parasite." This is admitted by all, especially by the Japanese military and official circles themselves, as may be judged from the following statement circulated on May 27 from Tokyo through *Manchukuo News Service:*—

> "The fact that a good part of the fiscal revenues of Manchukuo are derived from taxes imposed on exports to Japan should be regarded as an unsurmountable obstacle in the way of realization of the Japan-Manchukuo economic bloc. Therefore, there arises the urgent necessity of improving the finances of Manchukuo in the shortest possible time. For that purpose there is only one visible solution, the restoration of normal trade relations between Manchukuo and North-Western China on the one hand, and between Manchukuo and Outer Mongolia on the other. The restoration of normal trade relations will doubtless be followed by the restoration of

diplomatic relations. Therefore, the significance of the present trip of the War Minister, General Hayashi, lies in the urgent necessity of opening up trade relations between Manchukuo and North-Western China."

The reader will have taken due notice of the date of issuing this message—May 27—or the time when General Hayashi was about to start on his inspection trip to Manchukuo. In the light of this statement, issued through the Manchukuo official agency, the present tense situation in North China takes quite a different aspect. It is aimed at nothing less than the opening of normal trade relations between Manchukuo and North China, besides a number of other, purely political, objectives, which do not constitute the subject of this article. The opening of trade relations with Manchukuo is, therefore, a sort of *program minimum* of the Japanese generals in the present North China impasse, the *program maximum* being so far unrevealed. It may include anything from the forcing of China to extend diplomatic recognition to Manchukuo (cf. the interview of Major-General Isogai to that effect given in Tientsin on June 7) to the downright restoration of the Ching Dynasty in Peiping.

As said, the economic significance of Japanese aims in North China remains hidden behind the screen of political demands, yet it has tremendous importance for the future of foreign, notably American and British, interests in China. The economic demands of the Japanese Government were formulated as follows in a *Kokutsu* message from Tokyo dated June 2:—

"After the suppression of the anti-Japanese movement in China, the Nanking Government should undertake the realization of true and lasting economic cooperation between Japan and China. For that purpose Japan has, first of all, to extend aid in the development of cotton cultivation in Hopei, Shantung, Hunan and Shansi Provinces of China. The entire crop of cotton from these provinces should be exported only to Japan. Besides, Japan will undertake the exportation of other agricultural products of North China.

This is one of the demands to be submitted, according to the above *Kokutsu* message, by Ambassandor Ariyoshi to the Nanking Government as soon as he will have submitted his credentials. So far as concerns cotton, the Japanese aims are pretty clear; they wish nothing less than the extrication of Japanese industry from dependence upon foreign supplies, in the present instance upon America and India, which—as is well known—constitute 90 per cent of the annual demand for raw cotton by Japanese industry.

At one time the planners of the Japan-Manchukuo economic "bloc" were very enthusiastic about the prospects of cotton cultivation in Manchuria. They thought that, in the course of the next twenty years, it would be possible, through "planned" cultivation, to produce so much cotton in Manchuria as to be able to cut off the import of American and Indian cotton entirely, thus placing Japan on an independent footing so far as concerns her cotton textile industry. This contention was controverted by a correspondent in *The Review* on May 26, 1934. Now, in the light of recent figures relating to the cultivation of cotton in Manchuria, there is no escaping the conclusion that Manchuria can never be expected to produce sufficient cotton to satisfy the entire demand of Japanese industry for this commodity, computed roughly at 600,000 tons in a year.

Briefly, the position is this: In order to export 600,000 tons of ginned cotton, and taking the per acre yield of cotton to be 300 kgr. of pure stuff, there are required no less than 2,000,000 acres of land to be sown to cotton in Manchuria. Now, it turns out, after a careful investigation, that the maximum area of land suitable for cotton cultivation in Manchuria cannot exceed 750,000 acres, at most. This makes only 1/3 of the total area required by the present status of Japanese textile industry. Last year, the total area under cotton cultivation was 200,000 acres (or 82,000 "cho"), against 122,500 acres (50,000 "cho") in 1933 (cf. the *M.D. News* for December 13, 1934). This falls miserably short of 2,000,000 acres to be sown to cotton, if the Japanese cotton industry is ever to be self-sufficient.

If Manchuria does not produce, nor can she ever be expected to produce enough cotton to meet the growing demand of Japanese industry, where should Japan look for succor? Only in the direction of North China, where, thanks to efforts of producers and the authorities, cotton growing has made wonderful progress in recent years. According to the figures of the Chinese Cotton Statistics Association of Shanghai, last year, Hopei and Shansi alone produced about 2,106,500 and 1,000,000 piculs, respectively, of which 15-20 per cent presumably constituted fine quality product good for fine spinning.

There is no saying, of course, that if the Japanese were to take up the whole crop of Chinese cotton, they would immediately extricate themselves from dependence upon foreign supplies. However, it seems to be correct to assume that by dint of the careful rationalization of cotton sowing it would be possible, in the course of years, to grow cotton in Manchuria and North-Western China to such an extent as to free the Japanese industry from foreign cotton.

The present moment is especially opportune for attaining this end. China is weak; she cannot defend herself; the foreign Powers are busy with their own ailments. If this opportunity will not be seized, no similar chance may occur in the future. And the Japanese military leaders are out to snatch this opportunity, saddling China, against her own wishes, with a "bloc" as they did with Manchuria. If China will accept these demands, particularly the one relating to cotton cultivation under Japanese auspices—judging by the present indication, China has no other alternative but to accept all these demands *in toto*,—she will have converted her North-Western Provinces into an economic appendage of Japan, virtually into a colony of Japan, for the Chinese Government would not in that case be given the right to interfere in "trade" relations between these provinces and Japan. There is already a report to the effect that Ambassador Ariyoshi is to demand of the Chinese Government not to raise customs

duties on Japanese goods. A sadder situation could not be imagined for a "sovereign" Power.

The securing by Japan of special rights in respect of cotton cultivation in China will have far reaching consequences for herself as well as for the foreign countries. Even at present, when the Japanese textile industry is working under abnormal conditions (operating with foreign raw material), cries are being heard from all sides about the encroachment of Japanese goods on foreign markets. If the industry, working under these adverse conditions, has been able to grow to such extent as to endanger its foreign rivals, what will be the position when the Japanese textile industry will have its own supply of raw material within easy reach?

It is a well known fact, requiring no elucidation here, that the welfare of Japan as a great industrial nation depends upon her textile industry, which—as said—is handicapped by being dependent upon foreign raw material, mostly American and Indian. By including in her recent demands on China a clause relating to cotton cultivation under Japanese auspices, Japan has set about to rectify the situation, nay, she has laid a foundation of her future national strength and glory.

The Occidental Powers, at present critically beset by their own ills, hardly notice the economic significance of the recent demands of the Japanese military on the Chinese Government. Yet, in a few years hence, they will awaken to find that they have been squeezed out of Chinese and other principal markets by Japan. Then, they will have to adjust themselves to new conditions, which cannot result otherwise than in painful social upheavals within their own domains.

Tientsin, June 13, 1935.

What the American Oriental Bank Balance Sheet Disclosed---And Didn't Disclose

Herewith are presented the balance sheets prepared by Henry S. DeVault, certified public accountant, end of last week, of the three defunct Raven insitutions, namely, the American Oriental Banking Corporation, the American Oriental Finance Corporation, and the Raven Trust Co. The outstanding feature of these balance sheets, which will repay careful study not only by depositors, but by students of "high finance," is the interlocking nature of such items as "loans and overdrafts," "investments," etc. Thus the outstanding loan of the Bank is to the Asia Realty Co. The outstanding "investment" of the Finance Corporation is in the Bank, and the outstanding loan (or overdraft) by the Bank was to the Trust Co.

THE "balance sheets," issued last week, based entirely on the books of the defunct Raven institutions, on their face reveal a blacker situation than any that had been dreamed of by even the most pessimistic. But things are even worse than that which a first glance would disclose. That a bank with something like eight thousand depositors should close down, not as the result of a run, but without a moment's warning, with a cash item of only $17,541, is almost unbelievable. But even at that, less than half of that "cash" was really cash—the balance being represented by checks for collection. When the bank's vaults were opened there was found also a miscellaneous ("rare," to use the liquidator's words) collection of coins of various foreign countries, odd coins from Hongkong, Japan, England, the U.S., etc; but not sufficient actual current money to pay the approximately 8,000 depositors even a dollar apiece.

"Searchlight" wrote to the Shanghai daily newspapers that,

> "in the interests of the great mass of suffering depositors the full light of day should be thrown on this singular coincidence of the cash running out when the bank closes. Let us have a statement from the officials as to how the cash gave out, whether it was paid out in the normal course of banking business or whether it was all drawn out by people with inside knowledge of impending events. In the event that the latter was the case, let us be told whether these people gifted with second sight were ordinary members of the public or whether they were officials of the bank or people related to such officials."

AMERICAN-ORIENTAL BANKING CORPORATION

Statement of Assets and Liabilities as shown by the Books of the Corporation at the close of business May 23, 1935.

(Expressed in Shanghai Dollars)

RESOURCES:		
Loans and Overdrafts:		
American Oriental Finance Corporation, Fed. Inc., U.S.A. ...	$ 167,185.37	
Asia Realty Co., Fed. Inc., U.S.A.	1,015,436.71	
Raven Trust Co., Fed. Inc., U.S.A.	704,994.17	
Others	6,775,435.73	$8,663,051.98
Cash and Cash Items		17,541.19
Due From Compradore		113,210.49
Due From Correspondents and Branches		178,749.50
Advances Against Bills for Collection		252,972.33
Bills Purchased		235,974.57
Bills Discounted		37,528.72
Customer's Acceptances		802,442.79
Investments		35,927.17
Furniture and Fixtures		114,623.95
Cash Receivable, Etc.		45,276.54
Contra Items:		
Customers' Liability under Letters of Credit	558,087.42	
Bills Receivable for Collection ...	298,421.33	
Travellers Checks on Hand ...	22,622.78	879,131.53
Total		$11,576,437.76
LIABILITIES:		
Deposits		$5,818,121.98
Drafts in Transit		305,320.80
Due to Correspondents and Branches		523,433.25
Other Liabilities		276,797.35
Accrued Interest Payable		76,597.78
Contra Accounts:		
Bank's Liability under Letters of Credit	558,087.42	
Bills Receivable for Collection ...	298,421.33	
Travellers Checks...	22,622.78	879,131.53
Total		$7,772,407.69
CAPITAL STOCK Outstanding		$2,575,301.19

There is increasing comment on the fact that the balance sheet for Dec. 31, 1934 showed "Cash on hand and in banks, $2,117,032.40." Dennis Mooney wrote to the *N. C. D. News*, June 18:

> "Can we assume that during the period May 24 to the time the bank premises were actually sealed by the U.S. Court for China, which I believe was three or four days after the bank closed its doors, that funds were withdrawn after the bank was closed to other depositors?"

Mr. Raven is quoted as having said that all his money is tied up in his institutions. Whether or not this is correct, the public,—or at least the thousands of anxious depositors —would be glad to have some details of the salaries which he, his nephew, and other high officers have been drawing.

The day that the bank closed its doors, Mr. Raven made the optimistic statement, which however was qualified, that the bank would pay its depositors 100 per cent. Not many days had elapsed before another bank official was quoted as saying that he did not think that more than eighty per cent would be paid. Since then, no predictions have been forthcoming from any responsible person, but we have heard of cases of people offering to sell their accounts for thirty cents on the dollar without any takers. Mr. Hough, the liquidator, simultaneously with the publication of the bank balance sheet (presented herewith, together with those of the other Raven institutions) made the comment that some of the items listed as assets were not worth a nickel. He intimated that it would be many weeks before he would be able to present a balance sheet based on actualities and not on book entries—which latter, as he was careful to point out, the bank's balance sheet as here presented were based on. Not until such a balance sheet is made up, it is to be surmised, can any of the depositors hope to get any of their money. When the bank first closed it was rumored that small accounts, say under $500, were to be paid in full first, and that larger depositors would have to wait. Mr. Hough has made it definitely clear that all depositors would be paid on a *pro rata* basis. The liquidator told a group of anxious Russian depositors that the liquidation of the bank would probably take two or three years and that he could not give any idea whatever of what proportion of their deposits they could eventually hope to get. In another interview he stated that collections of sums due

AMERICAN-ORIENTAL FINANCE CORPORATION, FEDERAL INC., U.S.A.

Statement of Assets and Liabilities as shown by the Books of the Corporation at the close of business May 23, 1935.

(Expressed in Shanghai Dollars)

ASSETS:		
Cash:		
American-Oriental Banking Corp.	$ 24,950.70	
Other Depositaries	443.52	$ 25,394.22
Investments:		
Asia Realty Co., Fed. Inc., U.S.A.	1,938,897.61	
American-Oriental Banking Corp.	2,235,299.80	
American-Oriental Finance Corp., Federal Inc., U.S.A.	166,054.50	
Raven Trust Co., Fed. Inc., U.S.A.	285.70	
Others	1,391,852.82	5,732,388.43
Notes Receivable:		
Asia Realty Co., Fed. Inc., U.S.A.	119,219.13	
Raven Trust Co., Fed. Inc., U.S.A.	429,784.78	
American-Oriental Banking Corp., Foochow	106,666.03	
Others	478,443.23	1,134,113.17
Customers' Accounts Receivable ...		3,452,775.27
Foreign Agents		407,434.39
Accounts Receivable		123,550.09
Accrued Interest		45,969.94
Furniture, Fixtures and Motor-Car...		47,590.39
Securities Held for Clients (Per Contra)		4,814,989.37
Total...		$15,784,205.27
LIABILITIES:		
Notes Payable:		
American-Oriental Banking Corp.	$ 165,444.15	
Others	537,578.20	$ 703,022.35
Fixed Scrip Receipts Outstanding ...		913,530.21
New York Agents		3,296,703.74
Salaries and Wages Payable... ...		24,694.14
Accounts Payable		69,535.74
Marginal Deposits		743,396.01
Accrued Interest Payable		62,131.67
Securities Held for Clients (Per Contra)		4,814,989.37
Total...		$10,628,003.23
CAPITAL STOCK Outstanding		$4,334,140.00

RAVEN TRUST COMPANY, FEDERAL INC., U.S.A.

Statement of Assets and Liabilities as shown by the Books of the Corporation at the close of business May 23, 1935.

(Expressed in Shanghai Dollars)

ASSETS:		
Cash:		
Stocks Owned:		
American Oriental Finance Corp., Federal Inc., U.S.A.	$3,451,783.35	
Asia Realty Co., Fed. Inc., U.S.A.	101,735.60	
Others	450,179.27	$4,003,698.22
Loans Receivable		226,902.82
Due from Trust Estates		128,919.28
Real Estate:		
Shanghai	61,150.18	
Portland, Oregon, U.S.A. ...	29,186.79	90,336.97
Accounts Receivable		9,502.62
Accrued Interest and Dividends ...		128,979.27
Furniture, Fixtures and Motor-Car...		37,798.26
Library		8,961.97
Deferred Charges		541.28
Exchange Contracts (Per Contra) ...		1,157,580.12
Total		$5,793,220.81
LIABILITIES		
American Oriental Banking Corp. Overdraft		$ 623,018.33
Fixed Trust Certificates Outstanding		2,217,318.37
Mortgages Payable		18,126.89
Loans Payable:		
Asia Realty Co., Fed. Inc., U.S.A.	$ 62,928.31	
American Oriental Finance Corp., Federal Inc., U.S.A.	130,511.61	
American Oriental Banking Corp.	78,000.00	
Others	15,709.97	287,149.89
Salaries and Wages Payable... ...		3,081.75
Accounts Payable		141,037.83
Marginal Deposit—American Oriental Finance Corp., Fed. Inc., U.S.A.		20,076.30
Accrued Interest Payable		8,229.85
Exchange Contracts (Per Contra) ...		1,157,580.12
Total		$4,475,619.33
CAPITAL STOCK Outstanding		$1,353,431.57

by debtors were proving very difficult and it was probable that numerous suits in many different courts would be necessary to bring pressure upon them.

As days go by, more and more stories are coming to light as to the hardships which have been caused by the closing of the bank. Women stenographers, school teachers, even Russian and Chinese dancing girls had deposited their thousands in the Raven bank. There is the case of a prominent Municipal official, (British), who is at present on a trip to England. His wife, who remained here in Shanghai, had all her funds deposited in the defunct Raven bank. It was only by telegraphing to her husband in England that she was able to secure funds to pay her daily expenses. There is another case of a sea captain, of European nationality, who had invested or deposited his entire life savings including his retirement allowance in the Raven institutions. This man is at present on holiday in Europe.

The experiences of two Russian shopkeepers on Avenue Joffre show how fate deals differently with trusting depositors. In the one case, the Russian had taken his funds (more than ten thousand dollars) out of another institution, and deposited them in this American institution because he had decided to extend his connections in the United States. The other shopkeeper, having in mind that he wished to take a trip to Europe and America in the near future, had bought from another bank a draft on London for £300. He had turned over the draft to the A.O.B.C. for deposit in its foreign money savings department, hoping to earn a little interest. This was about two weeks before the bank closed its doors. So he quickly hied himself to the bank which originally issued the draft on London and with trepidation enquired whether his money was safe. The bank thereupon telegraphed (at his expense) to their agents in London asking whether the draft had arrived, and if not, to stop payment on arrival. The answer came that the draft had not yet arrived, and that instructions would be followed. So this Russian was saved from being one of the bank's depositors. On the other hand scores of persons who had paid out good money to the A.O. Bank for drafts on America and other foreign countries are day by day receiving notices that the drafts are not being met by the banks abroad. In some instances the payments were for life insurance and, as the insured have their funds tied up in the bank, they are unable to make another payment and are faced with the lapsing of their policies. Cargoes arriving for persons with deposits in the A.O. bank are piling up, as the consignees are unable to pay for them. In some instances, as the cargo was of a perishable nature, it has rotted on the wharves, a total loss.

The liquidator, Mr. Hough, is quoted as saying that in many instances if he presses the creditors too much they might be crushed entirely, so it was better to give them considerable time, provided they continued to make reasonable payments. It occurs to us, however, that one way of speeding up the process of getting money out of such concerns would be if some of the competing institutions were encouraged to take over the accounts of these concerns, that is, that the competing bank would pay off the A.O.B.C. account and take up the burden in exchange for the interest to be earned. The soliciting of such business on the part of competing institutions has been one of the regular incidentals of the banking business in Shanghai—where the field is overcrowded to an extent unknown in any other city of the world. We know of one business, for example, which, although it has had its ups and downs, has nevertheless been able to keep going with the aid of borrowed funds, and with such help is making good profits. It formerly had been a debtor to the defunct American Oriental Banking Corporation, but as a result of solicitation by a competing institution, it transferred its indebtedness, paying off the debt to the A.O.B.C. with funds borrowed from the competitor. The proprietor however continued to do his daily banking with the A.O.B.C., with the result that he has been "caught."

There can be no question that the failure of the Raven institutions under the circumstances in which it has occurred has caused a blow to foreign prestige, and American prestige in particular, for which one has to go back many years to find a precedent, and one that will not be effaced for many years, if ever. The loopholes that exist for unsafe financial institutions to show their heads in Shanghai and in other cities in China are wide open, and it behooves every foreign government, and the Chinese government as well, to close the loopholes, and with celerity. It is evident that the Raven institutions, had they been subject to supervision such as is the general rule in the United States, would have been compelled to alter their course or close up long ago. But instead of that a situation was allowed where the bank continued to take the public's money up to the last moment. The interlocking nature of the whole Raven structure is apparent at a glance at the balance sheets. Practically the only assets that are set out specifically in the balance sheets of the various Raven concerns are those which refer to some other Raven concern. An exception to this statement is a library of the Raven Trust Co. set down as being worth over eight thousand dollars. From what we have seen of the fate of law books in local auction rooms the liquidator will be lucky to realize one-twentieth of that sum. In the case of the bank the item which really matters is the one listed as "others" under "Loans and overdrafts", $6,775,435.73. No doubt it was the part of wisdom not to make public the names of the concerns which are included in these "others", but the depositors would be much better able to judge what their chances of eventually getting any money would be if a little light were shed as to what the these "other" assets consist of. Among them, it is quite possible, are some, to quote the liquidator once more, which are "not worth a nickel."

It is a wise provision of the China Trade Act (under which companies are incorporated "Fed. Inc. U. S. A.") that banks are excluded from its benefits and privileges. But, so long, as is the case under existing conditions, as a group of individuals—either American, or even, for example, a group consisting mostly of Russians and Chinese—can get together and incorporate a bank under some loosely drawn-up law of one of the 48 individual states that in the aggregate make the U. S. A., without the public, which is generally credulous, being really aware of the real situation, and establish an institution subject to no governmental surpervision, it is not at all surprising that such a crash as that of the Raven interests can occur—or that others, founded under somewhat similar circumstances, might meet a similar fate in the future.

Another point is that when it comes to realizing assets from the Asia Realty Co. one of the snags that may be met is the matter of "beneficial ownership". The secrets of the real ownership of a very large proportion of the land in the Foreign Settlement of Shanghai are locked up in the offices of the various real estate concerns. The mere fact that a lot of land bears a corner stone with the initials "U.S.A.," signifying that it is American-owned, quite frequently covers a "fictitious" transaction, whereby a mutual agreement is made between the real Chinese owner and the American nominee that the American should register the property in the American Consulate. Neither the Consulate, and much less the public, is aware of the real ownership. The same conditions apply to land registered in other consulates than American.

One of the substantial assets of the Bank apparently is a mortgage which it holds on the building which the bank has occupied in Nanking road. The property belongs to the Asia Realty Co., or at least is registered in its name. The liquidator states that the building will be vacated at the first possible opportunity, and efforts made to rent it.

Germany and England Reach Naval Accord

An agreement was reached June 19, as a result of the Anglo-German naval conversations, whereby the British Government his accepted the proposal of the German Government that the future strength of the German Navy, in relation to the aggregate naval strength of members of the British Commonwealth of Nations, should be in the proportion of 35 to 100. Submarine equality is accorded.

British and German War Veterans Fraternize in Shanghai

Simultaneously with the naval accord between Britain and Germany, and acting on a hint from the Prince of Wales, British and German war veterans held an impressive reunion in Shanghai June 19, the Germans entertaining at the German Garden Club. It certainly was a different atmosphere from that obtaining 20 years ago when British editors in China, who ought to have known better, were joining in the chorus about hanging the Kaiser, and never doing business again with the Germans. Even a British Police Magistrate so far forgot his usual judicial calm as to fine a prominent British insurance man for doing nothing more heinous than to write a German agent in Hankow that he hoped to resume business relations when the war eventually would come to an end. And what has become of Lissauer's hymn of hate?—with its refrain, "Wir haben ein einzige, einzige Feind, das ist England."

How Censorship Damaged China's Case Abroad

(*New York Times*)

Foreign news agencies and foreign correspondents in China suffer mutilation of both their incoming and outgoing material. Shanghai is the clearing house for most foreign news organizations operating in China, and in some cases one office may be permitted to receive a telegram from Nanking or from Peiping, while another office is not permitted to receive the same news.

Not content with deleting portions of telegrams or cables, the Shanghai censors also write in extra words. For instance, it is reported from Shanghai that telegrams from Manchuria, delivered typed, always have the words "so-called" or "puppet state" written in ink above the word "Manchukuo," and when the Emperor Kangteh is referred to the words "puppet ruler" are written in.

An even more irritating feature of the situation at Shanghai is that the censorship has not been uniform in all transmission offices. What the censor at one cable office may pass the censor at another may "kill" and the censor at the radio office may pass only in garbled condition.

Moreover, the censors refuse to meet newspaper men, refuse to let them know under what orders they operate, and will not divulge what classes of news are permissible and what classes are banned. A Shanghai correspondent is never permitted to know what parts, if any, of his messages have been approved for transmission.

But the whole situation has its ludicrous aspect. The Japanese have a cable of their own from Shanghai to Nagasaki, and they refuse to permit Chinese censors to enter their office. As a result, the versions of Chinese events sent out by the legion of Japanese correspondents in China cannot be touched. In many cases versions distinctly harmful to China are relayed out from Tokyo, while American or European correspondents are prevented from telling the truth impartially.

A Slip?

(*North-China Daily News, June 12*)

Reference was made by the Peiping correspondent of this journal in a dispatch which was published yesterday to the vagaries of the cable censors in the northern city. He reported that no telegrams dealing with the situation in the north, not even those favorable to the Chinese or critical of the Japanese army were permitted to be sent to London, New York, Paris, or even Shanghai. On the other hand, messages of Japanese news agencies were given unobstructed passage. Chinese authorities have not always been so slow to realize the importance of having their case fully before the world Thus in 1932, when little or no obstruction was offered to foreign newspaper correspondents in China, her case was so quickly and so efficiently presented to the public at large, that half the battle of gaining the support of world opinion was won long before the advocates of both sides locked horns at Geneva. The matter is of some importance as can be appreciated by the fact that press opinion in London, for example, has been slower in making itself heard than has been the case in former instances. It is perfectly conceivable that censors may at times err in the matter of what should or should not be sent out of the country in the way of news, though even in this respect there is much ground for criticism, but when censors by their actions actually do their own country harm by refusing to pass news designed to be of service to the nation, their behavior cannot be regarded in any very favorable light.

Japanese Press Opinion

"China's Sincerity Perceived"

The *Tokyo Asahi* June 12 commented:—"While not wholly satisfied with the manner in which China came to terms in the present North China situation to remove the danger of military clash and bring about a peaceful settlement, the Central Army authorities in Tokyo see considerable sincerity in the reply China made to Japan after some hesitation."

"China's Double-Edged" Policy

The *Tokyo Nichi Nichi* June 12 commented:—"The double-edged policy of China, opposing Japan on the one hand and making friendly diplomatic gestures on the other, has had the effect of inflicting severe blows on various Japanese enterprises in North China; for instance, the Taiyuan Mining Company (Shansi), affiliated with the Okura Gumi, has suffered the suspension or abandonment of operation of some of its coal mines in the far interior. Japanese capital invested in China has suffered from such Chinese policy for more than ten years. Thus it is considered urgent that these evils be removed by speedy and thoroughgoing measures."

Amau Embarrassed by Correspondents' Questions

The *Tokyo Hochi* June 11 reported that Eiji Amau, chief of the Intelligence Bureau of the Foreign Office, is now desperately busy explaining the position of Japan in the North China situation to the foreign newspaper correspondents.

The Crisis in China---Need for Anglo-American Collaboration

BY CHEN FU-SHENG (陳福生)

CHINA now encounters a crisis unparalleled in history. Having devoured Manchuria and Jehol, Japan marks North China out for prey. That Japan will eat it up is a question of time, not of intention. "Confronted with the overwhelming argument in the corporate body of Japanese forces," China, as pointed out by Kwei Chung-shu in his recent article in the Shanghai *Evening Post*, "will find no bargaining possible." "It would be as futile to wax one's tongue to reason with the military as it would be to play the harp to amuse cows."

Japan's Demands

According to a Tokyo despatch dated June 8, the two important demands of the Japanese Military Clique are: (1) demilitarization of Hopei and (2) dissolution of anti-Japanese bodies throughout China. Just what these bodies are is not definitely stated. In Japanese newspapers, one may find that to the Military Clique, the "Blueshirts", tangpus, political training department of the military council, gendarmerie, etc, are anti-Japanese bodies. Japanese charge the Blueshirts with complicity in the murder of two pro-Japanese journalists in Tientsin. Whether the Blueshirt Society has existed we are not in a position to know, but Gen. Ho Ying-chin denied the existence of such a society.

To swallow North China, Japan will first of all convert Hopei into a demilitarized area. With the demilitarized area growing larger as time goes on, Japan's scheme of conquest—subjugation of China—can be accomplished in the long run. Unless Japanese militarists receive a setback, they are expected to press China for demilitarization of the whole country, in some future time.

Japanese Activities in South China

Japan not only would have a bite at North China but would sow seeds of sedition in South China. Thus she could fish in troubled waters. Japanese newspapers circulate rumors about new coalitions against Gen. Chiang Kai-chek. A *Rengo* despatch to the *Japan Chronicle* on May 21 stated that plans for the formation of a powerful anti-Chiang bloc, grouping Western and Southwestern Provinces, are making headway among military leaders of these provinces; that in the event of the formation of the bloc, the five provinces, Kwangtung, Kwangsi, Hunan, Yunan and Kweiwill be involved with the first two provinces as the center, and the Generals Chen Chi-tang and Li Tsung-jen, military leaders of Kwangtung and Kwangsi Provinces, recently met in a conference to devise measures to cope with the situation in view of the conspicuous success of the Generalissimo's encirclement policy of the two provinces. As a matter of fact, the military leaders of Kwangsi and Kwangtung have shown hearty support to the Nanking government though there exist political differences between Nanking officialdom and elder statesmen in Canton. Canton is building up border defenses and yet they are not directed against Nanking. Canton military authorities are rushing to complete national defenses and fortifications against the reds.

Surrender or Resistance?

Under the present predicament, China has but two possible courses to follow: complete surrender or resistance at any cost. The former means Japan's domination of China and withdrawal of Western influence from China; the latter spells economic ruin and involves loss of Western markets. Either is detrimental to the interests of the Western powers in China, notably that of Great Britain and the United States. The United States, it is true, has not many interests in China and yet she must be interested in the disturbed situation of the Far East. Some prominent Americans argue that it would be cheaper to sacrifice all American business in the Orient rather than to face a war with all of its costs and misery. This argument is not sound. The sacrifice of American business would not prevent war; it would rather accelerate war.

Anglo-American Collaboration Is Necessary

The consideration of world peace and commercial interests dictate Great Britain's and America's intervention in Far Eastern affairs. Since the outbreak of the Mukden Incident, Sept. 18, 1931, Great Britain and the United States have not taken concerted action. While Henry L. Stimson, ex-Secretary-of-State, was nagging at the British and trying to secure from them a common Anglo-American policy in the Far East, the British, despite a huge economic stake in China, sat complaisantly on the sidelines and enjoyed watching their chestnuts being pulled out of the fire by the United States. When Great Britain sought America's help in China, she got an answer of a definite "No"! As a consequence, both Great Britain and the United States, instead of taking prompt, competent action, have adopted the Micawber-like policy of waiting for something to turn up. The non-collaboration of Great Britain and America has given Japan a free hand in Asia and fanned the flame of Japan's militarism.

To curb Japan's militarism, mere protests, written or verbal, are of no avail. Only joint, concrete action on the part of Great Britain and the United States can prove effective. There is a Russian fable about a loquacious cook who reprimanded in a long speech the cat which had stolen his chicken. The cat listened to the cook's tirade but continued to eat the chicken. Reprimanding without strong action can bear no results at all.

It is a matter of gratification to learn that the leaders of England and America are commencing to recognize the necessity and appreciate the benefits of collaboration. To quote the words of Stanley Balwin, Britain's Prime Minister: "Collaboration between the United States and Great Britain would constitute the greatest security against war in any part of the world. It is only a dream. But I anticipate the time when the United States and Great Britain will join to use their forces for peace and justice." In the words of Cordell Hull, America's Secretary of State: "While the United States and Great Britain have not always viewed world problems eye to eye, our common outlook and traditions have enabled us to work together . . . I foresee a future in which there will be opportunities for constructive collaboration between our two countries."

Good Neighbor Policy

China is dedicated to the policy of the Good Neighbor. She has not the least intention of offending her neighbors. Being a pacifist nation, she wants to live in peace and to be on good terms with all her neighbors, especially Japan; but she wants to breathe freely, to co-exist and co-prosper with other countries, to live with her rights and interests respected by others. She does not hope that Great Britain and the United States will fight against Japan for her; she does, however, hope that they will play the historic role of mediatiors or interveners.

Foochow, June 13, 1935.

Sir Frederick Whyte Says Chinese Must Put Their House in Order

Sir Frederick Whyte, former political adviser to the Chinese Government, writing in the London *Observer* June 15 declared that "China is at a crisis of her fate and confronts it alone".

"Forty years ago," he wrote, "she was saved from partition by the jealousies of five Great Powers, each striving to prevent the others from gaining too great an advantage. Today there is but one Power actually in the field, and China must rely only on her own capacity for passive resistance and racial tenacity."

Sir Frederick declared that "farsighted Chinese will read their own lesson in this hour of fate and will resolve, however, long it may take, that they must put their house in order and give the Chinese state power through self-discipline so that it may survive."

Continuing, the writer stated:—"America and Great Britain are faced with a crisis demanding a positive policy. If we recognize that Japan has no course but to seek relief from pressure at home by expansion abroad, we cannot censure her present method of expansion unless we can show there is a practical alternative. That alternative is economic access to foreign markets. If we cannot offer such access, we inevitably clamp down the pressure on Japan, which will find an outlet with increasing force in the direction of China."

Italians Fear Britain May Close Suez Canal Against Their Ships

Italian politicians and publicists show great concern lest there be some truth in the suggestion that Britain may close the Suez Canal to Italian ships carrying war material to East Africa. The *Giornale d'Italia* commented: 'If one admits that the Suez Canal, or all straits and passages necessary to shipping in general, can be made the instruments of the political sanctions of the League of Nations, in the same way that an international air fleet would be, the laws governing such straits and passages must be immediately and definitely modified. A revised system of control would have to be of a purely international character and would exclude the notion of special privilege for any specific country."

The free use of the Suez Canal is guaranteed by the convention signed at Constantinople October 29, 1888, the first article specifying that the Suez canal will always be free and open during war time and peace time to every commercial and war ship hoisting any flag. The canal is not subject to the international law of blockade. The 1888 convention stipulated that no power could arbitrarily modify the free regime, but should any such menace arise article 8 provides that the question is to be discussed by a meeting of representatives of the signatories to the convention.

Litvinoff is Pessimistic on European Situation

A pessimistic view of the European situation was expressed by Maxim Litvinoff, Soviet Foreign Commissar, at a banquet in Moscow, June 9, in honor of Dr. Eduard Benes, Czechoslovakian Foreign Minister, who was visiting Moscow. The Foreign Commissar stated that the "continued persistent and systematic struggle against the collective organization of security demands intensified activity from those states which are interested in this organization."

Japan's Conquest of Chahar Achieved; Nanking Denies Southwest Plans of Revolt

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Nanking Removes Gen. Sung Chi-yuan from Chahar to Meet Japanese Demands.**
2. **Japan Insists on Acceptance of Demands on China in Writing.**
3. **New Regime Under Discontented Militarists in North Rumored.**
4. **Doihara Sees Need for Drastic Kuomintang Reforms.**
5. **Wang Keh-ming Appointed Head of Peiping Political Council.**
6. **War Minister in Nanking to Report on Northern Situation.**
7. **Admiral Hyakutake Sees General Chiang Kai-shek at Chengtu.**
8. **Southwest Said Planning Revolt Against Nanking.**
9. **General Chen Chi-tang Pledges Allegiance to Nanking.**
10. **Heavy Fighting Follows Canton Naval Mutiny.**
11. **Chu Teh Allegedly Reappears Despite Reports of His Death.**

Rengo reported that the "Chahar Affair," in which four Japanese civilians were allegedly detained and ill-treated by the Chahar troops on June 5 was settled on June 18 between Maj.-Gen. Kenji Doihara and General Chin Teh-hsun, representative of the Chahar Provincial authorities. The terms of the settlement, Maj.-Gen. Doihara told *Rengo*, consisted of the dismissal of Gen. Sung Chi-yuan, Chairman of Chahar, and the removal of the 132nd Division of Chinese troops from the province.

The conditions for the settlement of the "Chahar Affairs," which were verbally transmitted to Gen. Sung by Lt.-Col. Matsui on June 11, include:

1. The complete elimination of anti-Japanese and anti-Manchukuo propaganda and activities in Chahar Province.
2. The punishment of officers responsible for the detention of the Japanese.
3. The expression of formal apologies and a guarantee against future recurrences of such incidents.

These deemands have been approved by the Kwantung Army Headquarters.

NANKING REMOVES GENERAL SUNG CHI-YUAN FROM CHAHAR

Sweeping changes among leading Chinese Government officials in the north were ordered by the Executive Yuan of the National Government on June 18, according to *Rengo*.

Gen. Cung Chi-yuan, Chairman of Chahar, was relieved of his post and placed on the waiting list. He is the second provincial chairman in North China who has been removed this month. Gen. Chin Teh-chun, Commissioner of Civil Affairs of Chahar, was appointed in Gen. Sung's place.

Japanese military officers conferring at Tientsin, June 14 on the so-called "Chahar Affair" agreed that the case was not in any way connected with the North China controversy. *Rengo* learned that the conferees agreed that in view of his past behaviour, Gen. Sung Chi-yuan, Chairman of the Chahar Provincial Government, "cannot be trusted." It is possible, one of the officers indicated, that further representations will be made with Gen. Sung, as the latter has not yet answered the original communication.

According to the Chinese version of the Chahar incident, which was reported by General Chin to General Ho Ying-chin, the four Japanese arrested comprised a member of the Japanese special military mission from Dolonor and three employees of the Mitsubishi Co. They had possessed no passports, which accounted for their detention. According to Treaty regulations, foreigners travelling in Chahar must have their passports visaed by the local authorities; otherwise, they are liable to be questioned. The new Japanese demands in connexion with the incident are causing infinitely greater concern to thoughtful Chinese than the demands of May 29. Many of them declare that the demand for the removal of General Sung Chi-yuan and his troops would be the first step towards the annexationn of Chahar and a slice of Inner Mongolia, while foreign observers are of the opinion that the demands, if accepted, would have the effect of turning most of North China into a virtual Japanese province. The Peiping Political Council would be abolished, and the same fate would later overtake the Peiping Military Council, leaving the province to be run by minor officials under Japanese direction. It is reported in foreign circles that the Japanese have coupled their latest demands with a warning that China must not expect help from the foreign Powers.

In connection with the "Chahar Affair," *Reuter* learned from unquestionably reliable sources that a still outstanding matter is that General Ho Ying-chin should sign a document accepting the Japanese demands. It was the insistence of the Japanese on this point that led General Ho to make his present visit to Nanking. It had hitherto been thought that this demand emanated from Tientsin, but it now seems certain that it comes from Tokyo, which means that no refusal will be brooked.

Well-informed quarters believe that if General Ho's signature is forthcoming, then the Japanese authorities will be content to work through a friendly provincial government in Hopei, but, if not that the Japanese troops impatiently waiting along the Great Wall will enter and take possession of the province. Reliable estimates claim that 40,000 Japanese troops line the Great Wall between Kupeikow and Shanhaikwan, of whom about 10,000 are at Kupeikow. Therefore, North China watches Nanking anxiously, feeling that its fate hangs upon the decision taken as a result of General Ho Ying-chin's report.

JAPAN INSISTS ON ACCEPTANCE OF DEMANDS IN WRITING

In an official communique published by the Japanese War Office, the Japanese authorities demand the exchange of notes between China and Japan regarding the present condition in North China, the *Shanghai Mainichi* reported June 14. According to the communique, "Unless the demands presented to China by the Japanese authorities and the acceptance of them by the Chinese authorities are put in black and white in the form of regular diplomatic notes, one cannot be sure that they will be carried out by the Chinese authorities, especially, if the Chinesee Government changes in the future.

"It is because of this that the Japanese authorities have proposed the conclusion of a regular treaty, however this is not acceptable to the Chinese authorities. It is believed that this refusal on the part of the Chinese authorities, after already accepting the demands, indicates that the Chinese officials are again trying to evade their responsibility.

"If this is true the result will be regrettable as the Japanese authorities have decided definitely on the exchange of official notes."

NEW REGIME UNDER SUN CHUAN-FANG RUMORED IN PEIPING

Rengo reported that handbills advocating the establishment in North China of an independent administration, headed by Gen. Sun Chuan-fang, former northern warlord, were scattered on June 14 in the Legation Quarters in Peiping creating a mild flurry in the Chinese and foreign official circles. Handbills inscribed: "Down with Gen. Chiang Kai-shek! Hail Sun Chuan-fang's return to power!", were also delivered to all the Legations and Chinese Government officials residing within the Legation Quarter. Apparently disturbed by the new developments Gen. Pao Wen-Yuen, Acting chairman of the Peiping Branch Military Council, called a meeting of the Council on that day to formulate precautionary measures.

Interviewed by foreign press June 14, Lieut.-Col. Tan Takahashi, assistant military attache, declared that the Japanese Army had "absolutely nothing to do" with the agitation for the return to power of Gen. Sun.

"We shall unhesitatingly co-operate with the Chinese authorities in the suppression of the movement, which will undoubtedly add to the confusion in North China," he added.

MA CHAN-SAN SNORTS DEFIANCE AT JAPANESE

Snorting defiance at Japan, and proclaiming his willingness to die on the battlefield for China, General Ma Chan-shan, former leader of the Heilungkiang anti-Japanese volunteers and hero of the Nonni River battle in 1932, enunciated a "resist or be ruined" policy for his country, in the course of an interview with the United Press June 15.

Declaring that Japan was trying to gobble up all China and might succeed unless China resists or adopts a definite policy allowing her to gain strength for revenge, the doughty warrior of the 1932 Manchurian campaign gave his views of the present Sino-Japanese difficulties in no uncertain terms.

"China must resist even if half of her four hundred million population is killed," the General declared with emphasis.

"Only one bullet can kill one man. Airplanes cannot kill all the Chinese, even if the bodies are piled high in the streets. I am ready to die," he assured his interviewer, "but if this plan is not wanted by those in authority, then China must adopt definite policies on the issue. Otherwise Japan will never halt her encroachments until all China has been swallowed."

DOIHARA SEES NEED FOR DRASTIC KUOMINTANG REFORMS

Drastic reforms in the principles and policies of the Kuomintang are necessary "so that China may have a peaceful future." This opinion was expressed by Maj.-Gen. Kenji Doihara in an interview with foreign correspondents at Tientsin June 12. Th

The attitura pursued by the Chinese Nationalist Party, Maj.-Gen. Doihara charged, had been besponsible for the frequent troubles between China and the foreign Powers and particularly for the Sino-Japanese disputes.

"Had the Kuomintang been reformed sooner, China would not be in the state where she is now, but would have made far better progress in all directions," he asserted.

"What do you think of Gen. Chiang Kai-shek?" Maj-Gen. Doihara was asked.

"It all depends on the results of his administration. You gentlemen should know more about this than I do," he replied.

NEW TROUBLE BREWS ON JEHOL BORDER

Two alleged attacks by unidentified groups on Manchoukuo officials and border defense forces in western Jehol on June 17 are shifting the focal point of the present Sino-Japanese tension from North China to the rugged countryside that skirts the Great Wall. Orders for a thorough investigation of reports that the alleged attacks had been carried out by forces under Gen. Sung Chi-yuan were issued by the Kwantung Army headquarters at Changchun June 17. According to a *Rengo* report, a party of Manchoukuo officials from Fengning in western Jehol were allegedly ambushed on their way to Tangchassu by a group of 15 to 16 men who fired 20 to 30 shots. The attackers, the report said, were entrenced in a hill about 60 meters high near Tuhshihkou.

TENSION IN NORTH CHINA RELAXES

Reuter reported that North China breathes more freely on June 18 as the result of the latest developments in the situation, namely:—

The settlement of the Charhar incident, including the dismissal of the Governor of Chahar, General Sung Chi-yuan;

Departure for Japan of the relieved Japanese garrison at Tientsin; and

Withdrawal of the Kwantung Army mixed brigade which has been encamped for the past week within the Great Wall near Shanhaikuan.

Another factor spelling relief from tension is the belief in well-informed quarters in Peiping that the signing of a document recognizing Japanese demands will not be delayed much longer.

The Peiping Military Council on June 18 telegraphed to General Ho Ying-chin, the Minister for War, who recently left for Nanking to consult the Government on this matter, to return as soon as possible to the north.

Lieutenant-Colonel Takahashi, interviewed June 18, said he expected the "small matters outstanding in regard to North China" would be settled in Nanking in the next two or three days.

PRESENT JAPANESE MILITARY STRENGTH IN NORTH CHINA

Approximately 2,400 Japanese troops have now arrived in North China to take the place of the present garrison, numbering about 1,600 men. A detachment of 300 Japanese arrived in Peiping from Tientsin June 14 to replace the present garrison. In addition, a mixed brigade of the Kwantung Army is now reported to be encamped within the Great Wall south-west of Shanhaikwan. They number between 4,000 and 5,000.

Japanese troops at Kupeikow have been greatly increased. More than 200 Japanese soldiers left Kupeikow for Nantienmeng on June 13. The Japanese troops detained more than 20 ships for military transportation purpose and the Chinese magistrates of Miyuen, Hweiyung, and Shunyi districts have been invited by these Japanese for a conference.

A total of 30 Japanese airplanes—bombing, scouting and combat—has arrived at the Japanese aerodrome situated south of Shanhaikwan city. These are conducting daily reconnaissances over the various Passes of the Great Wall and along the Peiping-Liaoning Railway. The newly arrived Japanese troops are quartered at the military barracks and on board trains. Barbed wire entanglements have been erected around the barracks. Two Japanese gunboats have arrived at Chinwangtao and are berthed at the wharves of the Kailan Mining Administration.

Carrying two Japanese officers, one giant Japanese airplane arrived at Tientsin from Chinchow, outside the Great Wall, June 15 and landed at the aerodrome at Tungchutzu. The machine later left for the Peiping-Hankow Railway to observe the troops movements of the 25th Government Division under Major-General Kwan Lin-cheng between Changsintien and Paoting, new provincial capital of Hopei. On its way back, it circled over Peiping city.

Col. Shibayama, former military attache of the Japanese Legation in Peiping, arrived at Tientsin from Japan at noon June 15. Interviewed Col. Shiabayama stated that he visited Tientsin for the purpose of calling on friends and that he has not been entrusted with any mission. He added that he would return to Japan by way of Shanghai.

HOPEI GOVERNMENT OFFICIALS RESIGN

It is reported that Chang Hou-yuan, acting Chairman of Hopei, and the various Provincial Commissioners, have submitted their resignation on bloc to the Executive Yuan. In view of the present crisis in North China, they have been ordered to remain in office and to continue to carry on their duties by President Wang Ching-wei of the Executive Yuan.

GENERAL YU HSUEH-CHUNG ARRIVES AT HANKOW

General Yu Hsueh-chung, Commander of the 51st Army and newly appointed Commander-in-Chief of the Bandit-suppression Forces for the Szechuan-Shensi-Kansu Border, accompanied by the high staff officers of the Army, arrived at Hankow June 1 to see General Chang Hsueh-liang, and report on the transfer of his Army to Shensi. General Yu said that the three infantry divisions of the 51st Army had already left Hopei, while other units of the Army were expected to complete evacuation of the province before the 25th inst. After being concentrated at Fenghsiang, Southwestern Shensi, the various units would be assigned their garrison posts, General Yu stated. General Yu announced that after a brief visit at Hankow, he would immediately proceed to Shensi and the Headquarters of the Commander-in-Chief would be formally established at the end of the month.

Transfer from Peiping to Tientsin of the units of the 32nd Army under General Shang Chen, to replace the 51st Army under General Yu Hsueh-chung, has been completed.

The 141st Division under Major-General Sung Ken-tang has been assigned to posts east of Tientsin and the 142nd Division under Major-General Lu Chi to those west of Tientsin. Part of the 32nd Army will be despatched to Tangku and Yangtsun.

TIENTSIN-TANGKU PEACE PRESERVATION HEADQUARTERS TO BE FORMED

The Tientsin Garrison Headquarters has been re-named and will be officially known as Tientsin-Tangku Peace Preservation Headquarters, it was announced June 15. As soon as the regulations governing the organization of the new headquarters are promulgated by the National Government, it will be formally established. It is understood that the new headquarters will have no direct control over the troops and its jurisdiction can extend only in the Tientsin-Tangku Area. The troops under General Shang Cheng are to remain under the direct command of the Headquarters of the 32nd Army, of which General Shang is Commander.

TIENTSIN MUNICIPAL GOVERNMENT WINDS UP

The Tientsin Municipal Government have completely wound up their affairs and all members of the staff are discharged, with two months' extra pay in lieu of advance notice, according to *Central News*.

All the slogans placarded on the walls of the Hopei Provincial Kuomintang Headquarters had been completely by order of the Peiping City Government.

Although the Blue Jackets, Gendarmes, and other anti-Japanese organizations have been withdrawn from Peiping and Tientsin, Ting Chong, vice-commander of the Third Gendarmes, still maintains connections with the "Ching Pang" (local gangsters), according to *Shanghai Mainichi* June 14. The Gendarmes connection with the gangsters is regarded as an attempt on the part of the Chinese authorities to stage a come back in Peiping and Tientsin and revive their anti-Japanese activities in the future.

YIN TUNG SAYS PEOPLE SHOULD REMAIN CALM

Commenting on the present situation in North China, Yin Tung, Managing Director of the Peiping-Liaoning Railway, stated at Tientsin June 15 that neither extreme optimism nor utter pessimism would help materially toward a solution of the present difficulties between Japan and China: Mr. Yin returned to Tientsin from Nanking June 14.

TOKYO DENIES ARMY SEEKING "SECRET PACT"

Japanese Army authorities in Tokyo denied on June 14 that they were seeking a "secret agreement with China, but simultaneously admitted that "its was possible" that a memorandum of all conditions agreed upon had been demanded of the Chinese authorities, by officers in China.

Because "both the friends and the critics of Japan" are watching the developments in North China, "utmost caution" should be exercised in the conduct of affairs in that region. This warning was sounded on June 13 by the 81-year-old Finance Minister of Japan, Korekiyo Takahashi, in Tokyo.

Rengo reported Maj.-Gen. Yasuji Okamura, Chief of the Second Section of the Japanese Army General Staff, will leave Tokyo for an inspection tour of central and south-western China, following return of Col. Seiichi Kita, Chief of the Staff's China Section, who is now in North China.

WAR OFFICE COMMENTS ON NANKING'S PROCLAMATION OF JUNE 10

In accordance with the recent Mandate of the National Government, the Executive Yuan, in a circular order to the various Provinncial and Municipal Governments, prohibits any agitation or conduct likely to impair the friendly relations between China and foreign countries.

Commenting on proclamation by the Nanking Government on June 10 prohibiting all anti-foreign activities and utterances, a spokesman of the Tokyo War Office said June 12 that this did not serve as a sufficient indication of China's sincerity. He also said that Japan's only motive in her actions in North China was her desire to restore peace and order in that area, and that everything she has done was based on the provisions of the Tangku Truce Agreement.

"We expect the Chinese authorities to carry out promptly and wholeheartedly the terms of settlement which they have accepted, so as to permit the resumption of friendly intercourse among Japan, China and Manchoukuo. Meanwhile, we shall keep watch over the situation," he said.

The Italian authorities in Tientsin are taking definite actions for the defence of the Italian Concession in view of the present tense situation. Barbed-wire has been installed in the main thoroughfares of the Concession.

WAR MINISTER IN NANKING TO CONFER ON NORTHERN SITUATION

General Ho Ying-chin, Minister of War and concurrently Chairman of the Peiping Branch Military Council, was given a rousing welcome, when he arrived at Nanking from Peiping June 15.

Evidence that he had Nanking's strong support in his dealings with the Japanese was supplied by the large gathering of prominent officials who went across to Pukow to great him, while Wang Ching-wei, President of the Executive Yuan and concurrently Foreign Minister, was personally present at the wharf to welcome General Ho.

Nanking public bodies were also well represented, and banners praising General Ho's service for his country were evident everywhere. The War Minister plunged straight into business after arrival. He drove straight from the wharf to Wang Ching-wei's residence, where he was closeted for about 40 minutes with the Foreign Minister and Tang Yu-jen, the vice Foreign Minister, to whom he outlined the developments leading to the present crisis in North China.

WANG KEH-MING HEADS PEIPING COUNCIL

Another important reshuffing in the political and military administrations in North China took place on June 18, when the Executive Yuan at its meeting besides ordering the dismissal of General Sung Chih-yuan from his post as Chairman of the Chahar Provincial Government, also decided to appoint Wang Keh-ming, senior cuonsellor of the Peiping Political Council, as acting Chairman of the Council. General Shang Cheng, Commander of the Peace Preservation Force of the Tientsin-Tangku Area, was appointed concurrently acting Mayor of Tientsin.

In response to a telegraphic summons from the Central Government, General Huang Fu, Chairman of the Peiping Political Council, arrived at Nanking from Shanghai June 16 to confer with the Government leaders on the north China situation shortly after arrival. General Huang called on Wang Ching-wei, President of the Executive Yuan, and the two leaders were closeted for over an hour conferring on the North China situation.

General Ho Ying-chin called on General Huang Fu June 17 and conferred with him for half an hour on the Hopei situation. It is understood that the two leaders discussed at length the rehabilitation measures in the North. After General Ho's visit, General Huang Fu visited the National Government House and submitted a report to Chairman Lin Sen of the National Governments on the recent developments in North China.

HYAKUTAKE SEES CHIANG KAI-SHEK AT CHENGTU

The *Asahi Shihbun* on June 8 reported that vice-Admiral Gengo Hyakutake, Commander-in-Chief of the Third Fleet, arrived in Chungkiang at 4 p.m. June 6 and hopped off to Chengtu by an airplane provided by General Chiang Kai-shek the following morning. The Japanese Admiral saw General Chiang Kai-shek at his headquarters there. Vice-Admiral Hyakutake explained to the Chinese General the origin and progress of the North China issue and stated that the Japanese Army and Foreign Office are determined for strong action. He said it was regrettable that while Japan was negotiating with China during the last few days with utmost sincerity, the Nanking Government authorities should be endeavoring to postpone a solution of the situation. The Nanking Government should display sincerity and seek an immediate solution, Vice-Admiral Hyakutake advised.

ARIYOSHI MAY VISIT GEN. CHIANG KAI-SHEK IN SZECHUAN

Following the presentation of his credentials to the Chinese Government as the first Japanese Ambassador to China, Akira Ariyoshi is reported to be planning to make a visit to Szechuan to see General Chiang Kai-shek and discuss with him the pending Sino-Japanese problems.

AMOY CUSTOMS CRUISER CASE

The Chinese Customs authorities at Amoy have replied to the Japanese authorities' protest regarding the inspection of Japanese ships. In their reply, the Customs authorities declared that when the Customs cruiser "Chuan Tiao" inspected s.s. Pao Sheng Maru and the Customs cruiser "Fu Shen" inspected s.s. Wu Lay Maru, neither of these ships hoisted Japanese flags and neither of these ships were in Japanese waters. Regarding the purchase of fish from Japanese fishing boat, the reply declared that the crew of the Customs cruiser "Chuan Tiao" purchased six fish from Japanese fishermen whom they paid two dollars which shows that the purchase was simply a regular business transaction. The Customs authorities have sent a report to the Chinese authorities at Nanking in regard to the fact that Japanese warships fired upon Chinese Customs cruisers near Amoy.

CHINA SAID TO HAVE APPROACHED BRITIAN FOR AID

Havas reported from London that Quo Tai-chi, the Chinese envoy to London on June 15 paid a call on the British Foreign Office, in the course of which he is reported to have approached the British Government on the possibility of obtaining Great Britain's support against the Japanese action in Asia.

Professing ignorance of the demarche reportedly made by Quo Tai-chi, Chinese Ambassador to Great Britain, with the British Foreign Office, a spokesman for he Waichiaopu on June 15 told *Rengo* "that no instructions of that kind" had been sent from Nanking.

"We have not had any reports from Mr. Quo on that matter. 1 believe it must be a mistake," the spokesman said.

SOUTHWEST SAID PLANNING REVOLT AGAINST NANKING

With dark clouds still hovering over North China as result of Japanese demands, rumors concerning an alleged independence movement in South China by Kwangtung and Kwangsi leaders achieved wide circulation in Shanghai on June 17, according to a report in the *Shanghai Evening Post*. The rumors, however, could not be confirmed in Chinese political circles, though the reports were gaining currency in Shanghai.

Usually well-informed Chinese circles claimed that Canton troops under General Chen Chi-tang, "Strong Man of Kwangtung," are now being massed along the Hunan border. They also said that General Chiang Kai-shek has already concentrated a formidable force along the Hunan border to stem the alleged march and has massed an equally formidable air force with many American-made bombers at at Changsha Hunan's provincial capital.

It also is claimed that an imporant conterence took place in the night of June 16 at Sun Fo's residence on Columbia Road. Among those who attended the meeting were Wang Ching-wei, President of the Executive Yuan and Foreign Minister; Admiral Chen Cha, formerly head of the Canton Navy; and Sun Fo.

According to the rumors, General Chiang had suggested the conference in order to solicit the support of all Cantonese members of the Central Executive Committee of th Kuomintang and to discuss ways and measures to win over Canton military and naval leaders who show inclination to join the Nanking faction.

CHEN CHI-TANG PLEDGES ALLEGIANCE TO NANKING

General Chen Chi-tang, commander-in-chief of the Cantonese forces, and the dominant military leader in South China, has telegraphed to Wang Ching-wei, president of the Executive Yuan, pledging his loyalty to the Central Government, *Reuter* reported on June 18.

This has greatly allayed the anxiety aroused during the past few days by reports that Kwangtung and Kwangsi leaders, taking advantage of the situation in North China, were conspiring to proclaim the independence of the South and march with all troops available against Nanking.

At a time of national crisis, General Chen declares in his telegram, no persons with the least sense of patriotism would attempt a rebellion against the government.

General Chen's declaration was made in response to a telegram sent to him by Wang Ching-wei after receiving reports of the alleged revolt.

It is admitted here that some differences of opinion have arisen between the Southern leaders and Nanking, but it is authoritively indicated that these are now unlikly to result in a serious situation.

CANTON DELEGATE IN CHENGTU TO SEE GEN. CHIANG KAI-SHEK

General Yeh Chi, representative of Generals Chen Chi-tang and Li Tsung-jen, respectively Commander of the Kwangtung and the Kwangsi Provincial Forces, arrived at Chengtu from Hankow June 11 by airplane. General Yeh stated that the mission of his visit in Chengtu is to see General Chiang Kai-shek and report on the military and political situation in the two southwestern provinces.

HEAVY FIGHTING FOLLOWS CANTON NAVAL MUTINY

Admiral Kiang Si-yuan and a score of other naval men have been arrested by order of Military Headquarters in Canton following the mutiny of the former Northern cruisers, Haisen and Haichi, of which he was in command.

The cruisers suddenly left their moorings at Whampoa, five miles down the river from Canton, and sailed in the direction of Hongkong.

A high official of the Canton Government, however, stated June 18 that the departure of the cruisers was not regretted since they had imposed a heavy and unjustified financial burden on Canton's resources.

Nevertheless, he indicated that the authorities were determined to investigat the mutiny and bring to book those responsible for it.

Admiral Chang Tse-ying, deputy commander of the Canton fleet, proceeded to Whampoa on June 16 to conduct an inquiry among the naval cadets.

The cruisers Haisen and Haichi, together with the Siaoho, surrendered to Canton in 1933 and were amalgamated with the regular units of the Canton Fleet under direct control of Military Headquarters last April.

It is pointed out that the three ships have cost Canton more than $2,000,000 in the past 15 months.

The trouble started on the night of June 15. The three vessels suddenly left their moorings at 11 p.m. Reports of their movements reached the authorities at the fort and General Chen Chi-tang was immediately informed. Orders were issued to stop their movements and a fierce battle ensued.

The Chaoho, the smallest of the three vessels, was disabled while the Haichi and Haishun succeeded in passing through the fortress. Air force units were dispatched to pursue the vessels despite the darkness and fighting was still proceeding in the evening of June 16. Martial law has been declared. The two gunboats are now anchored in Hongkong harbour.

CHU TEH REPORTED AGAIN AT HEAD OF RED ARMY

Persistent mention of Chu Teh in official reports concerning the anti-Communist campaign in Szechwan suggest that the Red prisoners who, two months ago, vouched that he had been killed in battle must either have been misinformed or were deliberately deceiving the troops who captured them.

Chu, one of the "Big Three" of the Chinese Communists, appears to be taking an active part in resisting the attempt of the government forces to rid Szechuan of the Red menace.

The latest official mention of the notorious Communist leader occurs in a statement reporting that the southern group of Reds, under his command, has reached Tawe, north-east of Mowkung, in their northward march from Yunnan and Kweichow.

Meanwhile, the northern group of Communists are stated to have suffered a serious handicap through the destruction of their equipment for manufacturing cartriges, which was lost when a bridge on which they were crossing the Kialing Kiang collapsed.

The vanguard of the northern Reds is reported to have reached Ryuntachiao, east of Tawe in an effort to form a junction with the southern band.

Japanese Plan Yen $150,000,000 Standing Army in Manchuria

RECENT advices from Hsinking (Changchun) stated that a complete accord of views has been reached between General Senjuro Hayashi, the Japanese War Minister, and General Jiro Minami, commander-in-chief of the Kwantung Army, regarding the future status of the Japanese Army stationed in Manchukuo. The two Generals agreed that general conditions in Manchuria have now reached a point at which a decision should be made by the Japanese military authorities in regard to the permanent status of the Japanese forces stationed in Manchukuo. It was suggested that the Tokyo military authorities make a final decision on whether the Japanese troops in Manchuria should be placed on the basis of a standing army or continue to be relieved by the Japanese standing divisions every few years. It was pointed out that this question will have a most important bearing on Japan's general military strength, and thus will require thorough investigation by the Tokyo War Office. Therefore, General Hayashi and General Minami agreed that such an investigation be instituted at once by the military authorities in order that a final decision may be made as soon as possible. Should the Tokyo War Office decide to fix the status of Japanese troops in Manchukuo as that of a standing army, a minimum sum of Yen 150,000,000 will be required to place the military equipment of the force upon a permanent basis and to fulfill other requirements of a standing army, the two officers are said to have agreed.

Preparing for war in cold places—Japanese soldiers of the 17th regiment, practicing war under conditions which might prevail in north Manchuria or Siberia. The soldiers are equipped with skis and clothing suitable for zero temperature in the Akita district. *—Reprinted from N. Y. Times.*

Hayashi to Ask for Huge Money Grants to Develop Manchuria

Appropriations for the maintenance of the Kwantung Army, the industrial development of Manchukuo and largescale migration to that country will be asked by Gen. Senjuro Hayashi, War Minister, in the budget for the 1936-37 fiscal year. Gen. Hayashi'a decision to seek these appropriations has reportedly been stimulated by his three-week tour of Manchukuo and Korea.

Manchukuo's Budget Fixed at $99,500,000

The Manchukuo Government's budget for the second fiscal year of Kangte, July 1—December 31, 1935, has been tentatively fixed at $99,500,000, an increase of $5,200,000 over the amount for a half of the current year's budget.

Syndicate to Raise Yen 300,000,000 for Manchukuo Railway Construction

The *Nichi Nichi* June 11 stated that the syndicate banking body whose inspection mission recently returned from Manchukuo is now faced with the necessity of raising Yen 300,000,000 as a railway construction fund by flotation of loans within the next two or three years, in accordance with Manchukuo's wish. The money is needed to lay the projected supplementary lines to the existing 7,000 kilometres of railways in Manchukuo. At first there was talk of raising the fund through the South Manchuria Railway Company, but as the Manchukuo side expressed a wish to meet the expenses for the construction of its railways by its own loans and as the S.M.R. is quite taken up with its own railway construction fund problem, it has been decided by the syndicate banking body to take over the flotation of Manchukuo bonds.

Manchukuo to Launch Two Warships

Two 290-ton warships will be launched on July 2 at the Shipping Yards in Harbin, in the presence of Gen. Yu Chi-shan, Minister of Defense. The vessels will be named the *Tingpien* and *Chinzen*.

Japan May Relinquish Taxation Rights Next Year

The view that Japan could well afford to relinquish her rights of taxation over her subjects in Manchukuo beginning next year, as a first step towards the abolition of extraterritoriality in the new Empire, was expressed in Tokyo June 15, by Masayuki Tani, councillor of the Japanese Embassy in Hsinking. Said official is at present in the Japanese capital on a summons from Koki Hirota, Foreign Minister.

Manchukuo May Apply Bank Laws to Foreign Firms

The Manchukuo Ministry of Finance contemplates enforcing the banking law, which provides that no banks can operate without the permission of the Government. The banks that would be affected are the Russo-Asiatic Bank, the Hongkong and Shanghai Banking Corporation, the Chartered Bank of India, Australia and China and the National City Bank of New York.

Hayashi Denies S.M.R. Reorganization Plans

Reports that drastic changes in the personnel and the organization of the South Manchuria Railway Company were emphatically denied in Tokyo, June 13 by Count Hirotaro Hayashi, president. "I won't resign unless I'm fired," he told newspapermen after an interview with Premier Admiral Keisuke Okada.

Widespread Famine in Manchuria

Nineteen out of the total of 28 hsiens of Fengtien Province have not sufficent food with which to feed the people. According to an investigation, in these districts, 55,000 piculs of foodstuffs are needed immediately to save these people from starvation and death. The people are eating grass, weeds, and bark at present. Hundreds of peasants hide themselves on the roadside and help themselves to any foodstuffs being transported along the road. Thousands of them are being fed by rich landlords. The peasants invade the rich landlords' houses until they have eaten all the foodstuffs in the houses. This is called "Chi Ta Hu" (eat in big houses).

Manchukuo-Mongolian Conference Holds Another Session

Manchukuo and Outer Mongolian representatives gathered again for the fifth time at Manchuli June 16 to discuss a settlement of the border clash near Lake Buir late in January. According to a joint communique issued after the session, the Outer Mongolian delegation announced its preparedness to discuss steps for closer relations between the two states, as soon as the incident was brought to a satisfactory solution and the frontier clearly determined. Despite two weeks of negotiations, the two groups are still reported to be far from agreement.

Japanese and White Russians Unite to Oust Y.M.C.A. from Manchukuo

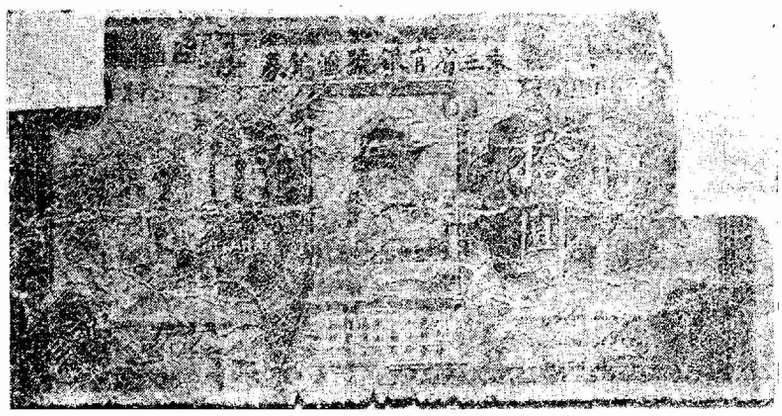
The Young Men's Christian Association, recognized throughout the length and breadth of the world as a useful social and moral-uplifting institution, is under fire in Manchukuo. The *Central News* reports that with the full cognizance of the authorities, every possible means of modern propaganda is being employed against the Y.M.C.A. in Harbin and Manchuria generally, the ultimate goal whereof cannot be otherwise than the closing of all branches of this organization in all cities and towns of the "new state." The Association is being accused of all mortal sins, such as religious indifference, cosmpolitanism, undue emphasis on the material side of life, and so on. Li Min-yuan, described by the *Harbin Times* as an important official and social worker of Manchukuo, is reported to have declared: "The activities of the Y.M.C.A. in Manchukuo are harmful and cannot be tolerated any longer."

Ex-General Rodzaevsky, who represents himself as the leader of the so-called "White Russian Fascist Party" and is the editor of the *Nash Put*, a subsidized daily paper in Harbin, declared: "I fully subscribe to the opinion of the highest authorities of the Roman Catholic and the Greek Orthodox Churches condemning the Y.M.C.A. as a non-Christian organization in so far as its religious inactivity is concerned. In my opinion, the organization is distinctly masonic in character, and as such cannot be tolerated here."

Japanese Paper Yen to Replace Manchukuo's Inflated "Gobi" Currency

(By the Review's Harbin Correspondent)

TWO years ago, when the Changchun "Government" introduced its own currency, based on silver exchange, this writer professed a view that, sooner or later, the puppet State would be obliged to discard it in favor of the Japanese currency. In view of "special relations" between Manchukuo and Japan, the true nature whereof had then become quite apparent, it seemed unnatural to have the Manchukuo currency based on Chinese exchange, although at that time the professed aim of doing it was "due regard for the age long custom of the Manchukuo population to use a silver currency". The measure seemed fallacious, because with no appreciable reserves to back up the new currency and economic relations with China severed forcibly, it would have been more natural for Manchukuo to seek a monetary union with its progenitor—Japan—than with any other country. The last few months have amply justified this view—the "Gobi" (Kuo-pei or Manchukuo dollar) is no longer convertible, as it was in the first few months after its appearance. Moreover, it is now an appendage of the Japanese Yen, namely, to that variety thereof which though known as gold ("chin piao") is but a paper currency.



Facsimile of Fengpiao Note in the denomination of 12 Fengpiao, issued by the Provincial Bank of the Three Eastern Provinces—Five similar notes (that is, 60) were stabilized to equal Mex. $1.00.

There is no need to emphasize the fact that the "Gobi" has never enjoyed the confidence of the people. It was evident from the beginning that the sentimental regard for the "welfare of the people, accustomed to use the silver currency" would be thrown overboard at the first sign of hard times. The Chinese seem to be born bankers; they know the value of currencies as if by scent; hence, they have never placed even a bit of confidence in the Manchukuo currency and proceeded, whenever possible, to convert it into hard cash. And they did wisely, because only within a year and a half since the introduction of the Gobi, the Bank of Manchukuo was unable to back it up by silver, stopped the conversion service and proceeded with the hooking up of the Gobi to the "gold" Yen. The measure did not cause a panic, as one would have expected in this case, because all those who could save did it in cash, obtaining it by all possible means.

The absence of any confidence in the convertibility of the Gobi was especially apparent amongst the bankers. They kept (and still keep) two distinct accounts, one for the "local", that is, paper currency, and the other for the Chinese silver dollar currency, taking no responsibility whatsoever for their interrelation. When the Gobi banknotes used to be convertible, the bankers did it day by day, carrying truck-loads of Chinese silver dollars from the Bank of Manchukuo to their cellars. They are now at an advantage, because, due to their foresight, they have not only escaped possible loss, but can earn because of the difference between the silver and paper currencies, said difference becoming greater and greater as time goes on.

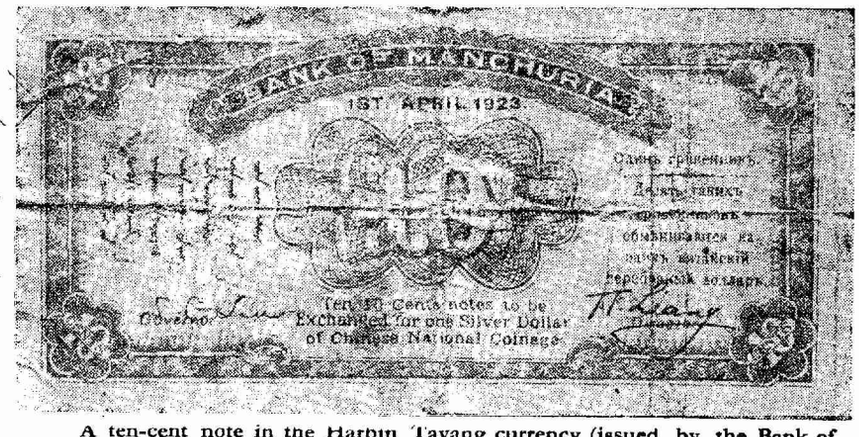
It appears that, at present, several forces are playing havoc with the Manchukuo currency; first, the Chinese currency, either in coins or notes of reputable banks, is rapidly disappearing from circulation, being hoarded or smuggled out of the country; second, the Gobi banknotes show every tendency to sink downward in their relation to the Chinese silver dollar or to the silver yen (at present, a Chinese silver dollar buys Gobi 1.45 or "gold" Yen 1.55 whereas in 1932 it was at par with the Gobi or was equal to "gold" Yen 0.74); third, the "gold" Yen currency, which is inconvertible and is about 10 per cent cheaper than the Gobi, is finding wider and wider circulation in Manchukuo especially in towns and along railways. Some astute "Manchus" even say that the Gobi and "chin piao" (the gold Yen) are going the way of the Fengpiao. And the opinion seems to be not without foundation because, being paper currencies, they are subject to reckless inflation, which, judging by the downward flight of their exchange, seems to have gained a momentum.

Difficulties of the Bank of Manchukuo

The difficulties of the Bank of Manchukuo are now apparent; first, it is reasonable to believe that the funds, listed in its balance sheets as "reserves", are seemingly made up of the Japanese paper yen currency or the Japanese bonds and securities in the same currency; second, the silver bullion and coins, taken over from the Chinese administration, appear to have been considerably depleted in the vain endeavor to sustain the Gobi exchange rate at par with the Chinese dollar and in which the Bank of Manchukuo utterly failed. It gave up the game in favor of the "managed" currency, hooking it up to the Japanese paper Yen.

As the result of these adverse factors, the Manchukuo Treasury appears to be unable to keep up even the present exchange rate of the Gobi not only in relation to the foreign currencies, including the Chinese, but to the Yen as well. The report is already current to the effect that the Changchun Government has requested the "mother" country—Japan—to institute a Currency Stabilization Fund, evidently similar in every respect to such funds existing in Europe and America. It is further reported that the Japanese Government has deferred the establishment of this fund till August—evidently, the funds are not readily available in that country, too.

There is a strong section of opinion, especially in the circles of the Kwantung Army, favoring the definite tying up of the Gobi to the "gold" Yen, or, if that be unavoidable, the outright adoption of the "gold" Yen (that is the paper Yen) currency for Manchukuo. In the face of the present conditions, there is no escaping the conclusion that things are evidently heading towards the adoption of the "gold" Yen currency—the finances and economics of the puppet State being increasingly difficult, to keep up this show of "independence" any longer. Were it not for the restraining influence of K. Takahashi, the Japanese Minister of Finance, the military would have already proceeded with the enforcement of this reform. However, there remains very little to do for stabilizing the Gobi at par with the "gold" Yen; with the present downward trend of exchange, the Gobi will soon itself find the parity; in that case, the substitution of the Gobi by the Yen may be carried out easily. An "Imperial" ukase, issued at Changchun and confirmed by Tokyo, will take care of the formal side of the "reform".



A ten-cent note in the Harbin Tayang currency (issued by the Bank of Manchuria.) This was supposed to be stabilized at the rate of Mex. $1.00 equal to Harbin $1.20.

It appears, therefore, that the situation with the Gobi is manifestly similar to that which existed in case of the Fengpiao. Like the Gobi, the Fengpiao was for many years "a good currency," its value being only a little cheaper than that of the "chin piao";

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like the Fengpiao, the Gobi is now on the high road of inflation and there is no telling as to when this depreciation will be arrested. On the contrary, it seems to be quite probable that the Gobi will, like the Fengpiao, be withdrawn altogether, being substituted by the Yen. If such be the case, the substitution of the Gobi by the Yen will have served as a link in the chain of measures leading up to the complete and final annexation of Manchukuo by Japan.

Take any Japanese newspaper and there you are sure to find an allusion to the pre-Manchukuo administration "having bled the people white" through reckless issue of the Fengpiao, Tiao and other valueless currencies, and imposing them by force on the defenceless population. As an instance of the ruthless manner of imposing these currencies, the newspapers point out the buying up by the former Chinese administration of produce from the ignorant and starving peasantry against these depreciated currencies, handling this business through the government owned or subsidized produce firms. Granting that the allegation carried some weight, it is strange, if not surprising, to observe the same "financial" policy on the part of the Bank of Manchukuo. It is carried on along the same lines as was done during the Chinese administration, this including even the minutest details of the operation; like in the days of old, the Bank of Manchukuo is a heavy buyer of produce from the peasants and does it through the government owned or subsidized firms against a paper currency the value of which, it is true, is higher than that of the Fengpiao of the later years, but which nevertheless depreciates day by day. The only difference in the whole procedure is in the names of the banks, firms and currencies involved in the operation. However, there are two distinctions which should carefully be noted; first, previously this peration was carried on by the Chinese themselves, now it is done by the Japanese, and, second, previously no discrimination against private or foreign enterprises was visible, whereas it is now a matter of fact to the extent that the private and foreign produce firms seem to be threatened with the wholesale extinction.

Manchukuo Currency a Laughing Stock

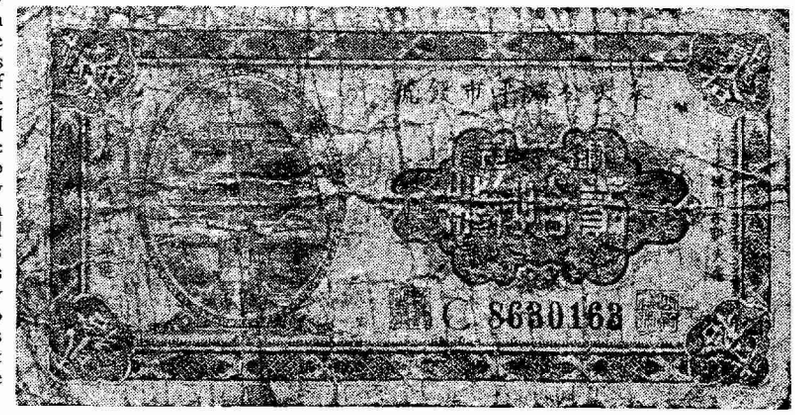
In respect of the currency, Manchukuo has become a laughing stock of the world. The Gobi coin ought to have contained, according to Pu Yi's ukase, 23.91 grams of pure silver, against 23.49 grams of pure silver in the Chinese new silver coins, making it considerably dearer than the Chinese dollar. But the fact is that no Gobi silver coins have ever been minted and put into circulation, except nickel and copper coins, constituting token money. It is, therefore, fitting to say that the Gobi silver coin died before being born.

When talking about the currency, the Changchun administrators proudly point out the unification of multitudinous Manchurian currencies, handed down to them as a thankless heritage from the previous administration, and say that it could be possible to do so only during the present regime. It is a nice theme of talk, with the visiting foreigners invariably accompanied with the producing of astronomical figures relating to the circulation of pre-Manchukuo currencies and also with general references about rapacious Chinese officials who "bled the people white" through issuing valueless currencies. However, when talking or writing about the unification of Manchurian currencies, carried out, it is true, by the present regime, the people invariably forget the following:—

1. That this operation was well prepared by the Chinese authorities long before the Mukden "Incident" of September 18, 1931, hence, had there been no "Incident" and subsequent birth of Manchukuo, the glory of carrying out this allegedly stupendous reform would have gone to the Chinese authorities. It is strange that people are very often short-minded, especially in connection with currency reform, which by far is the most spectacular achievement of the Japanese administration of Manchuria. They forget the work of the Currency Adjustment Committee of the Three Eastern Provinces, which completed its work on December 12, 1930. The report of the Committee was published in May, 1931, and amongst valuable statistical data it contained are suggestions concerning the unification of currencies. The Committee was headed by Tsang Shih-yih, the present Manchukuoan Minister of Interior, then Civil Governor of Fengtien Province. He was assisted by Lu Mu-ting, president of the Bank of the Three Eastern Provinces and many other Chinese financiers, who carried out the ground work for the unification of currencies on the basis of the national silver dollar. Briefly speaking, this work consisted, first, of ascertaining the amount of each currency then in circulation, second, of stabilizing them with the silver dollar at a reasonable rate, and third, of acquiring sufficient bullion and hard cash to back up the unification. Thus, the unification of currencies in Manchuria is not the achievement of the present regime alone; a good part of credit therefor should go to the previous administration. However, in the hands of Manchukuo, after the unification, the Manchukuo currency has become a tail-piece of the Japanese paper currency, a contingency which doubtless never occurred to the members of the Currency Adjustment Committee.

2. That before the Mukden "Incident" of 1931, the country already had a kind of super-currency, convertible into silver, the Chinese silver dollar currency, which enjoyed wide circulation side by side with provincial and Japanese currencies. According to a table appearing in the *Manchukuo Year Book*, 1934, the total amount of this currency, then in circulation in banknotes and silver dollar coins, was $68,227,000. This currency was later withdrawn at par with the Gobi. There were, too, the Harbin Tayang banknotes, the Kirin Yunghen Tayang banknotes and the Heilungkiang Kuanghsin Tayang banknotes, which could not by any stretch of imagination be regarded as bad currencies, although they were at great discount with the silver dollar coins. The Manchukuo rate of redeeming these notes is, respectively, 1.25, 1.30 and 1.40 to Gobi 1.

3. That the circulation of Kirin Provincial banknotes amounting to about "Tiao" 9,500,000,000 and of Heilungkiang Provincial banknotes amounting to about "Tiao" 12,000,000,000, amazes only a foreigner, unfamiliar with the history of Chinese currencies and the role they play in the life of the people. These banknotes were issued in "cash" denominations, that is, in values equal to decimal fractions of a cent copper coin. For many years, they were "good" currencies, being convertible into their respective "cash" values. For their depreciation, the Japanese business men are no less responsible than the Chinese officials, for it was they who, during the Great War and immediately thereafter, bought enormous quantities of these copper "cash" and cent coins and exported them out of Manchuria, thus depriving these currencies of their metallic foundation. Having melted these coins, the Japanese sold them to the Allies, who, in turn, shot them to atoms on the battlefields. So, it seems, everybody lent a hand in the depreciation of these currencies, with the result that the ultimate sufferer is the Chinese peasant who holds the paper.



Facsimile of a 10-cent note in the Fengpiao currency (now practically worthless).

Returning to the subject of the Gobi, we have seen that it is no longer a silver currency, as it was immediately after its introduction, and that it has proven itself to be "tricky"—once a convertible currency, it is no longer so. Furthermore, there is no escaping the conclusion that sooner or later the Gobi will disappear altogether, being replaced by the paper Yen. That will mean a big step forward to the complete annexation of Manchukuo to Japan, or the inglorious death of this money independence.

Harbin, June 1, 1935.

Japanese Finance Ministry Favors Gradual Change in Manchukuo Monetary System

Gradual reforms in the Manchukuo monetary system are favored by Japanese Finance Ministry authorities instead of the sudden and radical changes advocated in Hsinking circles. Disclosures to this effect were made when Finance Ministry officials met with Masaji Arakawa, financial adviser to the Kwantung Army in Tokyo June 5, to discuss the Manchukuo monetary situation in connection with the proposed joint control of financial problems by the Japanese and Manchukuo Governments. Complaints regarding the increase in the circulation of Bank of Chosen yen notes in Manchukuo consequent upon the increase of Japanese investments there, were voiced by the Kwantung Army representatives. Coupled with the curtailed circulation of Manchukuo currency, caused by the rise in the price of silver, this deluge of yen paper was seriously threatening the control being exercised by the Bank of Manchu, which is attempting to unify all the currency in the new State, Mr. Arakawa asserted. He advocated the conclusion of a monetary agreement between the Bank of Manchu and the Bank of Chosen, fixing the exchange value between their respective notes in order to prevent fluctuations of the Manchukuo Yuan.

Japanese officials opposed these proposals, stating that the increase in the circulation of Bank of Chosen notes was due to an actual demand for them and held it inadvisable to recall them from circulation. They also pointed out that there was no fear that the value of the Manchukuo Yuan would fall, in view of the fact that the reserves of the Central Bank of Manchu are in Japanese yen.

CHINESE RAILWAYS

SHANGHAI-PEIPING THROUGH EXPRESS.
(Connected with N.S.L. Nos. 301 & 302)

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
20.45	21.25	PUKOW	1.20	1.40
16.54	16.57	LINHUAIKWAN	5.40	5.43
16.04	16.19	PENGPU	6.19	6.34
13.52	13.57	NANHSUCHOW	8.45	8.50
11.50	12.05	HSUCHOWFU	10.50	11.10
10.02	10.17	LINCHENG	13.00	13.15
9.13	9.16	TENGHSIEN	14.06	14.09
7.40	7.55	YENCHOWFU	15.36	15.56
7.15	7.18	CHUFOU	16.21	16.24
5.34	5.42	TAIANFU	18.05	18.20
3.25	3.45	TSINANFU	20.12	20.42
2.03	2.13	YUCHENGHSIEN	22.05	22.15
0.24	0.39	TECHOW	23.55	0.25
22.37	22.47	POTOUCHEN	2.12	2.22
21.36	21.46	TSANCHOW	3.16	3.29
18.30	18.40	TIENTSIN (C)	6.40	7.00
17.59	18.20	TIENTSIN (E)	7.10	7.35
—	15.05	PEIPING	10.29	—

PEIPING-HANKOW RAILWAY.

14.05	PEIPING	22.00
13.27	CHANGSINTIEN	22.48
9.54	PAOTUNG	2.23
5.50	SHIHCHIACHWANG	6.28
2.19	SHUNTEH	10.01
19.27	SINSIANG	16.45
16.43	CHENGCHOW	19.26
13.59	HSUCHOW	22.08
12.16	YENCHENG	23.51
9.58	CHUMATIEN	2.34
6.16	SINYANG	6.01
3.36	KWANGSHUI	8.36
22.45	KIANG AN	13.15
22.30	HANKOW (Tachimen)	13.25

PEIPING-SUIYUAN RAILWAY.

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
9.30	—	HSICHIMEN	—	16.48
8.06	8.16	NANKOW	18.07	18.17
—	—	CHINGLUNG-CHIAO	—	—
1.52	2.07	KALGAN	0.30	0.45
19.34	19.49	TATUNG	7.01	7.21
15.48	16.03	PINGTICHUEN	11.04	11.19
10.56	11.16	SUIYUAN	15.42	16.02
—	7.00	PAOTAO	19.58	—

LUNGHAI RAILWAY.

5.15	—	HSUCHOWFU	—	21.10
0.57	1.17	SHANKIUHSIEN	1.16	1.56
20.47	21.07	KAIFENG	6.20	7.00
18.40	19.00	CHENGCHOW	8.49	9.09
14.45	15.10	LOYANG E.	12.53	13.28
9.30	9.55	SHANCHOW	18.30	18.55
—	6.10	TUNGKWAN	22.15	—

KIAOTSI RAILWAY.

7.35	—	TSINGTAO	—	21.00
5.48	5.50	KIAOCHOW	22.46	22.48
5.06	5.16	KAOMI	23.19	23.30
3.26	3.41	FENGTZU	1.01	1.16
3.03	3.05	WEIHSIEN	1.36	1.39
1.36	1.38	TSINGCHOW	2.55	2.57
23.59	0.01	CHOUTSUN	4.32	4.35
—	22.00	TSINANFU	6.30	—

CHENGTAI RAILWAY.

19.42	—	SHIHCHIACHWANG	—	7.58
18.14	18.16	TSINGCHINGHSIEN	9.27	9.29
16.00	16.15	YANGCHUAN	11.47	12.01
14.48	14.50	SHOUYANGHSIEN	13.50	13.52
12.40	12.49	YUCHIHSIEN	15.25	15.35
—	12.08	TAIYUANFU	16.07	—

SHANGHAI-HANGCHOW-NINGPO RAILWAY.

STATIONS UP.		Zku-Nkg Express R. Through	Express R.	STATIONS DOWN.		Express R.	Nkg-Zku Through Express R.
ZAHKOU	d.	7.45	17.30	SHANGHAI, N.	d.	7.50	15.00
HANGCHOW	d.	8.15	17.55	JESSFIELD	d.	8.07	15.17
CHANGAN	d.	9.06	18.53	SICCAWEI	d.	—	—
YEHZAH	d.	—	19.25	SHANGHAI, S.	d.	7.55	—
KASHING	d.	10.17	20.05	SUNGKIANG	d.	9.05	16.05
KASHAI	d.	—	20.31	FUNGCHING	d.	—	—
FUNGCHING	d.	—	—	KASHAI	d.	9.51	—
SUNGKIANG	d.	11.25	21.20	KASHING	d.	10.25	17.20
SHANGHAI, S.	a.	—	22.25	YEHZAH	d.	11.01	—
SICCAWEI	d.	—	—	CHANGAN	d.	11.34	18.25
JESSFIELD	d.	12.11	22.16	HANGCHOW	d.	12.31	19.20
SHANGHAI, N.	a.	12.25	22.30	ZAHKOU	a.	12.50	19.35

NANKING-SHANGHAI LINE.

STATIONS UP		Express R.	Thro. Exp. Zku-Nkg R.	S'hai-Peiping Thro. Exp. (No. 302) R.S.	Night Express R. S.	STATIONS DOWN		Thro. Exp. R. Nkg-Zku	Express R.	Night Express R. S.	Peiping-S'hai Thro. Exp. (No. 301) R.S.
SHANGHAI, N.	d.	8.00	13.00	16.05	23.00	NANKING	d.	8.00	17.00	23.00	24.00
NANSIANG	d.	—	—	—	23.33	CHINKIANG	d.	9.25	18.25	1.00	1.54
KUNSHAN	d.	9.05	14.15	—	—	TANYANG	d.	10.07	19.05	1.52	2.48
SOOCHOW	d.	9.50	15.00	18.04	1.13	CHANGCHOW	d.	11.01	20.00	3.05	3.51
WUSIH	d.	10.41	15.51	18.55	2.13	WUSIH	d.	11.52	20.55	4.07	4.48
CHANGCHOW	d.	11.45	16.45	19.53	3.13	SOOCHOW	d.	12.47	21.50	5.13	5.52
TANYANG	d.	12.33	17.36	20.48	4.23	KUNSHAN	d.	13.26	—	—	—
CHINKIANG	d.	13.16	18.20	21.34	5.14	NANSIANG	d.	—	—	6.54	—
NANKING	a.	14.30	19.35	22.55	7.00	SHANGHAI, N.	a.	14.25	23.30	7.20	7.55

NOTICE

1. Children under four years of age are carried free, children under twelve but above four years of age at half fares and children of twelve years of age and over must pay full fares.
2. For Local and Through Traffic, the following free baggage allowances will be granted to each passenger:—

   1st class passenger ..... 80 kilogrammes (142 catties)
   2nd class passenger ..... 60 Kilogrammes (100.5 catties)
   3rd class passenger ..... 40 Kilogrammes (67 catties)

   Half of these quantities will be allowed on each child's half ticket of each class respectively.
3. Any weight of baggage in excess of the free allowance will be charged at the rate for the minimum quantity of 20 kilogrammes (33.5 catties) of $0.002 per kilometre per unit of 20 kilogrammes.
4. In case of any holder of Local or Through ticket who abandons his journey en route and desires a refund on the unused portion of his ticket he must apply in person, and produce his ticket for endorsement to the Station Master where the journey is abandoned. Application for refunds must be made as soon as possible after endorsement and must in any case be made within TEN DAYS of the date of expiry of the availability of the ticket which has been endorsed.

The Causes of Hu Han-min's Sudden Departure

BY PAUL K. WHANG (王 仲 羣)

HU HAN-MIN, veteran Kuomintang leader and one of the "Big Three" composing the Standing Committee of the Central Political Council at Nanking, is now on his way to Europe for the alleged reason of recuperating his poor health. It may be recalled that at this time last year, the Nanking Government was said to have even offered him a fat purse of $1,000,000 for his travelling expenses, if he would leave his Hongkong abode and make a tour of inspection in foreign countries. But Mr. Hu, though a poor man, did not seem to take a fancy to this very attractive purse and steadfastly scoffed at any suggestion of his taking a foreign trip. Whether he has received any financial support from Nanking to make his present trip can not be ascertained, but the fact that he should leave Hongkong all of a sudden and especially at a time when the Japanese warlords have been on the point of launching another invasion into North China is indeed a matter of speculation—and wonder.

Mr. Hu's departure from Hongkong would not be looked upon as a matter of great importance, but for the fact that he has been generally known as the chief "stumbling block" in the path leading to the close rapprochement between Nanking and the Southwest. Right after his release from detention in Nanking—an event which was bitterly criticized even by the friends of the Nanking regime—as a result of the peace conference between Nanking and the Southwest following upon the Japanese invasion of Manchuria, he went to the South, and since then until very recently secluded himself in the British Colony. Although living in retirement, his name was frequently brought to public attention because of his reported activities and association with anti-Nanking movements and also his diatribes against Nanking's policy.

Devoted, But Stubborn

While we admire his honesty and devotion to duty as testified to by his past record, we, however, can not help finding fault with his stubbornness and irreconcilability towards his former colleagues. Although his ill-treatment at Nanking, to use a mild word, is to be sympathized with, it does not appeal to us as an act of patriotism that he should persistently place a personal grudge above national welfare at this a time of national crisis. In spite of the offers and invitations of his former colleagues and the appeals of numerous peace-makers, he refused to compromise his personal and political differences with his enemies. In doing so, he brought upon his head the blame for the failure of the unification of the country and forfeited much of the esteem in which he had been formerly held by the people.

His present departure has been hailed as a happy sign pointing to the early unification of the whole country. This is based on the presumption that he is actually the leader of the Kwangtung-Kwangsi Clique and wields a very strong influence over such powerful military leaders as Generals Chen Chi-tang and Li Tsung-jen, and that his removal would break down the bulwark of opposition to the Central Government. The current reports regarding the wholesale resignation of Mr. Hu's followers from the Kwangtung Provincial Government and the Southwestern Political Council following upon his departure and the reshuffling of personnels of these two political organizations have further strengthened the general belief that the day of a united China is not very far off.

While we admit that Mr. Hu has had a considerable following, we, however, must guard ourselves against attaching too much political significance to his past activities in the Southwest. To say that a man who habitually holds a pen can dictate his wish to a person who wields a sword does not strike us as being compatible with the present political condition in China. Be it remembered that he is but a statesman without a single soldier under his command. He may be respected by his military colleagues because of his seniority with the Kuomintang and his long revolutionary career. And he may be given the honor of taking precedence over all the other officers in signing their names to circular telegrams which were frequently issued to denounce the policy of the Nanking regime. But this respect and this honor are merely a matter of courtesy, and not indications of his powerful position in the Southwest. It seems to be more correct to say that he has been nothing but a figure-head utilized by his military colleagues for their own selfish motives.

Such being the case, his presence or absence, therefore, will not materially change the aspects of China's domestic political situation. So long as the military chieftains in Kwangtung and Kwangsi are bent on the co-operation with Nanking, he can not prevent them from so doing. On the other hand, he can not singlehanded change the policy of the socalled Southwestern Bloc from that of opposition to that of conciliation if this policy is not first endorsed by his military colleagues. Therefore what interests us is not what will be the development after his absence but what are the causes of his sudden departure. A man of his noted obduracy can not be expected to reverse his previous decision readily without good reasons. With this in view, we tend to believe that his sudden departure may be explained by one of the following reasons.

First of all, his sudden departure may have something to do with the present developments in North China. He seems to be tired of playing the role of a figure-head and being stigmatized as a "stumbling block". His voluntary departure, therefore, will deprive his colleagues of a pretence for not coming into a close rapprochement with the Central Government. With the accentuation of Japanese aggressions in North China, it becomes more evident that a united China is a sine qua non to the salvage of this wrecked country. He may still harbor a strong personal grudge against a few of the Nanking officials, but he is not devoid of a sense of patriotism. While he can not see his way to shake hands with his enemies and throw in his lot again with the Nanking regime, he, nevertheless, can at least leave the country so as to extricate himself from his position of embarrassment.

Secondly, he may be compelled to take a foreign trip because of the rapid progress made by the Central Government in consolidating its position in the remote western provinces. With the extension of the Nanking's authority to Szechuen, Kweichow and Yunnan, the erstwhile formidable Southwestern Bloc has been reduced into merely two provinces—Kwangtung and Kwangsi. As a result of these developments, the forces of the Central Government have been brought face to face with those of Kwangtung-Kwangsi. This direct contact will lead either to war or to surrender on the part of the Southwestern authorities. The military leaders of these two Kwang provinces have known better than anybody else of their own strength, and in spite of their active preparations in the past many years, they are still far from being in a position to challenge the military prowess of the Central Government. The knowledge of their own weakness has compelled them to be conciliatory towards Nanking and relinquish their semi-independent attitude. In face of these realities of the situation, Mr. Hu and his followers have to make their exit from the Southwestern political stage, because their continued presence would be neither welcomed by the stage-masters nor by the audience.

Departure May Be Due to Despondency

Thirdly, his departure may be prompted by his despondency over the present political situation in China. It is only natural that he can not view the present critical situation in North China with pleasure. What pains him especially is the fact that under the rule of the Kuomintang, with which he has been long associated, China should suffer a greater set-back in her prestige than she did before. Besides, the present administration and policy of the National Government must also prove a great disappointment to a political thinker, whose ideas and ideals are at great variance with those of Nanking leaders. His remorse and disappointment have, therefore, driven him to seek a refuge in foreign countries, so that he can shut his eyes to the plight of his country.

And lastly, reports that the Japanese are now intriguing with the officials of the Southwest for the purpose of setting up another separatist movement against Nanking to block Gen. Chiang Kai-shek's program of bringing the whole country under the rule of the Central Government may be also used to account for the hasty departure of Mr. Hu from Hongkong. Being a patriot, Mr. Hu may frown upon this reported intrigue, hence the reason of his hasty departure from Hongkong as a proof of his innocence, should any untoward event happen in the near future.

In conclusion, if the long hoped-for unification of the country can now be achieved, it is not due to the departure of Mr. Hu, but to the change of the attitude on the part of the Southwestern military leaders. As a matter of fact, the Southwestern leaders who have been apt to attribute all their past sins to the person of Mr. Hu, can now redeem themselves from their past misdeeds by unconditionally co-operating with Nanking in navigating the ship of state in this stormy weather. In this sense, Mr. Hu's absence may prove a blessing to his country, because his colleagues can no longer use his presence as an excuse for the continuation of their semi-independent attitude toward the Central Government.

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Dr. Y. S. Tsao Discusses International Situation at Annual Institute Meeting

The third annual meeting of the Institute of International Relations was held June 7 at the New Asia Hotel, North Szechuen Road, under the chairmanship of Dr. Y. S. Tsao. Among those present were: Dr. Wellington Koo, Dr. Usang Ly, Dr. Herman C. E. Liu, Hsu Chiu-fan (former Commissioner of Foreign Affairs in Shanghai), Singloh Hsu, Dr. P. W. Kuo, Dr. Kuangson Young, William Yinson Lee, Z. L. Chang and others.

Dr. Tsao, in a general survey of the international situation, among other things said:—

"Internationally, two events which affected China, directly and indirectly, were the League election and the sale of the C.E.R. On September 18, 1934, China failed to get elected as a non-permanent member of the League Council. Upon that occasion, Minister Quo Tai-chi made the point that since Japan has withdrawn from the League, China should be represented on the Council. The sale of the C. E. R. in Manchuria by Russia to Japan was to avoid continued friction between those two powers. It is evident that unless Russia was prepared to accept a challenge for war from Japan, this was the best solution for the time being, because it is a corollary to the Manchurian incident.

"In May and June, affairs in the north took a turn for the better, Shanhaikwan and Kupeikow being returned to China by the Japanese. The question of mail going to and from Manchukuo was settled on December 30, 1934, and railway traffic between Peiping and Mukden was arranged through the China Travel Service. These are difficult problems, vis-a-vis the principle of non-recognition.

"In the realm of trade, while there has been a general drop in the volume, the merchants in the different countries are looking to a resumption of commerce. On Aug. 9, the British Trade Mission visited Manchuria to see if arrangements could be made with the authorities there to enhance trade. At the same time, the British, American and Dutch oil interests have been experiencing serious difficulties there, and according to papers, the British oil merchants are selling their interests out.

"In the consular field, Chinese citizens abroad are not being properly and fairly treated, and it is high time that regulation of some kind should be applied. The Cuban government has taken to the registration of Chinese citizens with the consequences which that measure entails. The Chinese in the Dutch East Indies have always received rigorous restrictions, such as the limitation of remittances, etc. It is now proposed that Chinese young men must return twice every three years, or lose their right of entry.

"Diplomatically, on Sept. 1, 1934, the Sino-Turkish Treaty was signed, and recently, General Ho Yao-tso was appointed to be Minister to Turkey. More significant than that was the raising of the status of the legations into embassies between China and Italy which took place on Sept. 26, 1934. Italy wishes to go on record that she, in consideration of China's old cutlure, is willing to treat China as her equal. Even more significant than that was the exchange of ambassadors between China and Japan on May 18, as the result of the so-called Sino-Japanese cooperation. Volumes might be written on the subject, but as we are engaged in a general survey, it suffices to say that Japan's action has induced Great Britain and America to do the same and possibly Germany and France also in the near future. By these acts, China has been finally admitted into the family of nations as an equal."

Dr. Stampar Reports on Northwest Provinces

Remarkable progress, especially in the provision of health, is taking place in the four North Western provinces of Shensi, Kansu, Chinghai and Ninghsia, according to Dr. Stampar, Health Expert of the League of Nations, who recently completed a tour of said district and presented a report to the National Economic Council.

Dr. Stampar was in the North West a year ago, when the N.E.C. was beginning its road and airway program, and his report pays tribute to the successes obtained along all lines of reconstruction, both by the N.E.C. and other government organs.

As regards health activities, Dr. Stampar describes in detail the institutions which have been established by the National Economic Council in collaboration with the Provincial Governments. Dr. Stampar records that the health program for the whole vast area has been carefully thought out, and for medical purposes the four provinces are to some extent being regarded as a unit. The chief problems are to combat typhus and tuberculosis, to reduce the high rate of infant mortality and death in child birth, and to awaken the population to a greater regard for hygiene, much of the sickness at the present time being due to ignorance. In order to make the North West an important center for animal husbandry, an attack is also being made on the animal diseases which sweep the region, especially anthrax and rinderpest. The report states that as prime institution in this campaign, the N.E.C. has established the North Western Epidemic Prevention Bureau at Lanchow, the capital of Kansu. One of the most interesting parts of the report deals with the health organization envisaged for the provinces. At each provincial capital, there is to be a provincial health center, co-operating with and to some extent supervising the smaller centres elsewhere in the province.

Japan's Latest "21 Demands" to China

BY C. Y. W. MENG (孟承渠)

THE presentation of the infamous "21 Demands" to China in 1915 is too vivid in our minds to need any further repetition. But now, history repeats itself!

First Group of the Demands

Like its predecessor, the full text of the demands could not be known to the public at the time of its presentation. But from what China did in meeting the Japanese demands, we have a very fair knowledge of these demands. The Japanese militarists must have demanded :—

(1) The removal of General Yu Hsueh-chung, chairman of the Hopei Provincial Government; Chang Ting-ao, Mayor of Tientsin, and other officials.
(2) The withdrawal of General Yu's troops and also those of the Central Government, not only to Paotingfu, but further North-West.
(3) The abolition of the Political Council in Peiping and other offices; the Kuomintang Offices or "Tangpu" in Peiping and in the Province of Hopei.
(4) The suppression of all anti-Japanese organizations, "Blue Shirts," etc., in the Province of Hopei.
(5) The promulgation of a Mandate by the Central Government to the same effect.

This constitutes the "First group of the Japanese Demands" presented by the Japanese militarists on May 29 to the Chinese authorities in Peiping, to which the latter agreed wholesale.

The Mandate of June 10 constitutes another shameful chapter in the annals of Chinese hsitory under the nationalist regime! We recollec that during the past century when China was defeate at the hands of the western powers, articles in the treaties always provided that an "imperial edict" should be promulgated throughout the empire, in the form and nature of an "acknowledgement of wrong by China", with the sole view of humiliating China to the very bottom of national humiliation. But now the Japanese militarists also humiliate China in the same way by forcing the Central Government to issue the same kind of proclamation. The Japanese have been demanding the suppression of anti-Japanese activities; and sometimes, only the local authorities were coerced into issuing proclamations for the suppression of these activities. But now, the Japanese militarists, for the first time, coerced the Central Government to issue such proclamation!

Second Group of the Demands

By wholesale acceptance of the Japanese demands, the tension should have been eased. That is why the turn for the worse in the North needs a few explanations.

On June 10, an important meeting of Japanese militarists was held in Changchun, now capital of Manchukuo. According to our information, a very important decision, which again darkened the sky, was handed down. The militarists at the conference, after expressing their satisfaction and "joy" that the solution of the Northern situation is now in sight, expressed their "hope" that "from this foundation, there will emerge a new and political administration in Hopei, towards the formation and execution of new policies, and Sino-Japanese-Manchukuo-Russo co-operation, political, economic and military". For this reason, Major-General Doihara was again sent to Hopei. On the one hand he carried an important mission to see that the Japanese demands are being carried out by the Chinese; and on the other, he carried another important mission to do some "political work" after the solution of the problem (meaning the North China situation). Here is the reason for the presentation of the "second group of the demands" or "new demands" to China! The "new demands" allegedly include the following;—

(1) A "written reply" by General Ho Yin-ching, Minister of War and Chairman of Peiping Military Council, to the demands.
According to the wording of the Japanese demands, it is not strictly a written reply; for the original term in Chinese is "具結", which, when translated into English, is really a "written pledge", the contents of which, according to our information, are :—promises from China not to re-establish the Kuomintang offices, or "Tangpu," or similar offices in North China; not to re-despatch troops to North China, etc. This is for the purpose of forcing China to carry out all the demands previously presented by Japan.
(2) The wholesale removal of Government officials in North China and their replacement by others friendly to Japan
(3) The removal of Gen. Sung Chen-yuan and all his troops.
(4) The right of the Jaapnese militarists to "nominate" the chairman of the Provincial Government of Hopei.
(5) The formation of a "Buffer Zone" for the maintenance of perpectual peace between China, Manchukuo and Japan.

The C. P. C. (Central Political Council), which is the highest organ under the present political system, held meetings on June 12 and 13, and devoted itself exclusively to discussing these Japanese demands. According to our information, one spokesman is quoted as having said that China had already taken some measures to improve the situation in the North, but "should the Japanese present more unreasonable demands, China, for the sake of her national prestige and personality, might lose her patience". That is, the Council decided to reject the Second Group of Japanese demands.

Third Group of the Demands

But according to reliable information, the Japanese demands also include the following :—

(1) The retirement of General Chiang Kai-shek and General Chang Hsueh-liang.
(2) The abolition of the anti-Japanese Kuomintang.
(3) The signing of a "Defensive Alliance" China, between Japan and Manchukuo for political, economic and military co-operation.

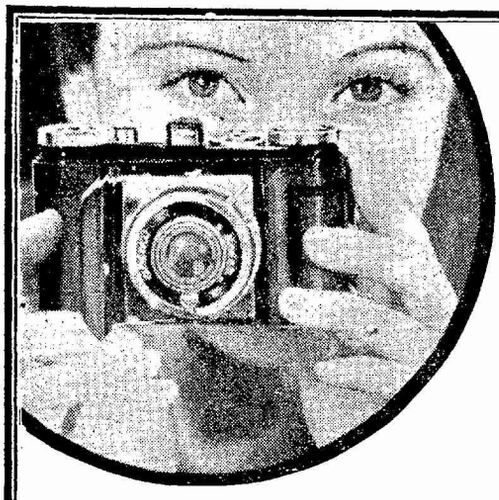
It is said that this constitutes the "Third Group of the Japanese Demands" to China. Whether the Japanese militarists will present a "fourth group", a "fifth group", etc. of the demands, we do not know at present. But a careful study of these "demands" will reveal to us that one group is always more harsh than the preceding. For example the first group of the demands asks only for the removal of the Chinese officials alleged to be anti-Japanese. But the second group of the demands asks for the "right" of the Japanese militarists to nominate the chairman of the provincial Government of Hopei. The first group demands the abolition of the "Tangpu", etc, throughout the Province of Hopei, but the third group of the demands asks for the abolition of the "Kuomintang entirely." The first group of the demands asks only for the removal of General Yu Hsueh-chung, etc., but the third group of the demands asks for the retirement of higher officials, such as General Chiang Kai-shek, General Chang Hsueh-liang, etc. Secondly, it is to be noted that the Japanese militarists always insist that Manchukuo should take part in the undertaking, which means nothing except to force China to recognize Manchukuo! That is, the "second 21 demands" are really far more harsh than the first! We believe, no nation under the sun, and no human being in this universe could stand such humiliation! Should there be any sense of national feeling in this country, the 450,000,000 Chinese would put up a bitter fight against Japan, as the only alternative—even knowing well that China has not much chance to win the war!

International Situation Favorable to Japanese Aggression

When the Japanese first presented their 21 demands to China in 1915, it was at a time when the western powers were engaged in their life-and-death struggle with Germany and Austria; when they were too busy to pay any attention to Far Eastern affairs; and when the Japanese had a free hand in playing with the destiny of this young Asiatic Repubic! Further, Wilsons's Administration marked a definite change of the traditional American foreign policy. America was no longer anxious to seek for the development of foreign trade and markets in the Far East. America had definitely abandoned her traditional "Dollar Diplomacy". By the Jones Act of 1916, the Independence of the Philippine Islands was definitely and officially promised. By the "Lansing-Ishii Agreement" of 1917, America even recognized the Japanese "special interests" in China! Having thus discovered a tremendous change in American foreign policy, and further, being convinced that the "Almighty Dollar" would not be interested in Far Eastern affairs, Japan went on with her aggression in China, so the first "21 Demands" were presented!

Also today, we find that the same situation exists for Japan to "facilitate" her aggression in China! Due to the world-wide economic depression, every nation is too busy with its own internal economic problems to have any time to deal with foreign affairs. Beside "muddling" in European affairs, most of the principal powers were extremely unwilling to take any responsilility in Far Eastern affairs. So when the Sino-Japanese crisis broke out, most of them adopted a "friendly to all" policy! Further, America is again ruled by a democrat whose traditional policy is : Non-interference in others' business; granting independence to the Philippine Islands; belief in international co-operation, and interdependence among the nations, etc. The foreign policy of President Roosevelt is essentially a "hands off" policy. Under Hoover's Administration America did send one or two "notes" to Tokyo, either in the form of protests or declarations, which, however did not have the desired effect; but nevertheless did frighten the aggressors periodically. Stimson's"non-recognition" principle is still an obstacle to Japanese efforts in seeking for American understanding or recognition of Manchukuo. But, under Roosevelt's Administration, not a single action of this kind has ever been taken! In constructing more battleships, the Chinese believe that the American intention is only for self-protection. and could hardly be considered as an American challenge to the Island Empire, or defense of her "best friend".

That is to say, American foreign policy under President Wilson gave the Japanese a good chance to go on with their aggression in China, and to present the "21 Demands" to China; and the American foreign policy under President Roosevelt gives another chaance to



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the Japanese militarists to resume their aggression in China and to present another "21 demands" This condition, together with the fact that there is absolutely no Anglo-American co-operation nor Anglo-American-Russo Co-operation" to save the situation in the Far East, explains why we conclude that the present international position is very favorable to the aggressor, but very unfavorable to the victim of the aggression!

U. S. A. Under Two Fires

So, while the Japanese are "blaming" America, because as they say "the real cause of China's depression lies in the American silver policy," the Chinese are also "blaming" the Americans for their "wrong, short-sighted and selfish foreign policy", which made Japanese aggression possible.

Secondly, when the first "21 Demands" were presented, China was in a most chaotic condition, being divided into "North" and "South." Today, we find the same condition exists. When these lines are written, report has it that Canton and Nanking are again at loggerheads. Nanking accuses Canton of joining the Japanese in renewing the anti-Chiang movement; while Canton accuses Nanking of being "traitors" to the nation by adopting a weak-kneed policy towards the Japanese. Hu Han-min, a veteran member of the Kuomintang, to the surprise of all, left Hongkong a week ago for Europe. It is generally believed that it is due to his anticipation of a possible political movement in the South, and due to his unwillingness to participate in an internal political uprising. This veteran statesman was urged to join the "Fukien Rebellion", but he strongly refused to do so. He has stayed in Hongkong continuously since his retirement from Nanking, though many attempts were made to induce him to go to Canton. Under such conditions, the easiest way out for him is, of course, to leave for Europe.

Here is a typical example where self-interest and personal feelings are put before the common interest; when Chinese leaders are unwilling to lay aside their personal differences for the sake of national unification during a national crisis; and when foreign aggression, instead of having increased internal political dissension, due to the conflict of policy. This is the terrible state of affairs in China today!

Chinese Public Silent, Students Inactive—The Spirit of May 4 Movement Dead!

When the Japanese presented their first "21 Demands" to China in 1915, the whole nation rose up and opposed the acceptance of the demands by President Yuan Shih-kai. As result, the Chinese parliament did not ratify the acceptance. So now, we can easily refute the Japanese argument by saying that these demands are "constitutionally" invalid, as they were not ratified by the Parliament. When the Peace Treaty awarded Shantung to Japan, a nation-wide indignation was at once aroused. Students, laborers and all classes of people went on strike. At last, the "traitorous" minister of foreign affairs and the "traitorous" Chinese minister to Tokyo were dismissed. Shantung was returned to China. This was the spirit that saved the nation in the time of crisis! This movement, now known as the "May 4th Movement", as it took place on May 4th, 1919, goes down in Chinese annals as one of the most significant of Chinese nationalist movements. But does the same spirit exist today? Today we find the whole nation is silent when their officials accept the new Japanese "21 Demands" wholesale! There is not a single sign of the student demonstrations, which occurred so often before! There is not a single hand-bill distributed! This is another aspect of the terrible state of affairs in China today! The spirit of the May 4th Movement has apparently died out today!

Such is the situation! That is, both the situation in China and in the world is same as that in 1915; and the situation offers a good chance to the Japanese militarists to renew their aggression in China!

Awake China! Awake China! Let the whole nation rise up, like one man to oppose Japanese aggression in China! Let us put up a bitter fight for our existence, for our national prestige, and for the vindication of international justice! Let us fight against the Japanese invasion in the same spirit as the Belgians put up their resistance against the German invasion of their territory and violation of Belgian neutrality, when at last some big powers came to their assistance! Here is the last chance for us to fight! Let the spirit of the May 4th Movement be revived! Let the following old slogans be again our mottoes:—"Our territories may be lost, but shall not be freely presented to the invaders," and "Our heads may be cut off, but we will never nod our heads and say 'yes' to the demands presented to us by the aggressors."

Nanking, June, 16, 1935.

British Ambassador Discusses Oriental Situation With U.S. State Department

ALTHOUGH there has been no official confirmation, it is generally believed that Chinese diplomatic representatives in London and Washington have individually called the attention of the Governments there to the present situation in North China, requesting "support" for China against Japan. Nanking has denied that any instructions to that effect have been sent, but has admited that there is the bare possibility of the envoys acting on their own initiative in a private capacity. Meanwhile, considerable displeasure was registered in Tokyo on receipt of the press reports, the spokesman there stating that the demands made by Japan on the North China officials are all quite legal and had been accepted.

This is the way *Rengo's* correspondent at Tokyo put it: "Mingled official surprise and displeasure greeted London reports that Quo Tai-chi, Chinese Ambassador to Great Britain, had approached Whitehall on the possibility of British support of action against Japan in Asia. Similar action was reported to have been taken in Washington by Dr. Alfred Sze."

Washington political observers feel that the United States Government fears it may find itself in a difficult position should Japan demand the withdrawal of American troops from North China and prefers to anticipate events by recalling the infantry regiment stationed in Tientsin and sending a battalion of U.S. Marines to Nanking to protect the American Legation.

The London *Daily Mail* June 12 in an editorial dealing with the developments in the Far East, again propounded its traditional "hands-off" theory that it would be folly for Britain at the present time to stake her armed strength and incur foreign resentment by intervening in the China policy of the Japanese Government.

British Ambassador Confers at Washington

Sir Ronald Lindsay, British Ambassador to the United States, after a visit to the State Department in Washington June 17, announced that he had discussed the Oriental situation with officials of the State Department.

However, officials of the State Department refused to discuss the nature of the conversations in a detailed manner. It was revealed, nevertheless, that the State Department had received factual reports on the North China situation from British, Chinese and Japanese quarters.

Following Sir Ronald Lindsay's visit to the State Department he said that "two phases of the Sino-Japanese situation had been discussed."

However, later State Department officials announced that the meeting had been devoted almost entirely to an informal discussion and had not resulted in the charting of any definite diplomatic moves.

William Philips, Under-Secretary of State, said the United States was closely watching the North China situation not only through American ambassadors at Tokyo and Peiping but also through close contact with Japanese and Chinese envoys at Washington.

Tokyo Foreign Office Gives Assurances to Britain

It was reliably reported in London June 17 that the Foreign Office had received a report from the British Ambassador at Tokyo to the effect that the Japanese Foreign Office had given assurances that it would not demand control of the appointment of all Chinese officials in Chahar and Hopei. It was explained by the Japanese Foreign Office that Japanese military commanders, and not Tokyo, had made the demands, which were in effect not as severe as reported.

U.S. Senator Introduces Resolution to Condemn Japan's Move

Senator King has introduced a resolution in the United States Senate to ascertain if the Kellogg-Briand or Nine-Power Treaties had been violated by Japan's action. The resolution states that Japan's seizure of Manchuria and recent demands upon China had been condemned as violations of the Nine-Power Treaty in which Japan as a signatory, had agreed to respect the sovereignty of China. The King resolution specifically states that the setting up of the Manchukuo Government by Japan and taking possession of the province south of the Great Wall were definitely violations of the Nine-Power pact.

New British Foreign Secretary Makes Cautious Statement

The new British foreign secretary, Sir Samuel Hoare, made a cautious statement on Chinese affairs in the House of Commons June 17. He mentioned that Sir Frederick Leith-Ross, chief economic adviser to the British Government, would proceed to China at an early date in order that he may be in a position to advise London on the situation.

Despite the financial crisis, the political situation in China in recent months had not been unfavorable, he said, adding that there were signs of steady progress towards order and stability, and signs that the Central government's campaign against the communists was contributing towards an extension of its authority and influence.

"As regards the most recent developments in North China," the foreign secretary said, "I have been in consultation with the British representatives in Tokyo and Nanking and, through them, with the Chinese and Japanese governments. These communications are still continuing."

Chinese Ask Japanese to Change Their Agressive Attitude

The *Shun Pao* (prominent Chinese daily in Shanghai) commented:—"Historically, culturally, racially, and economically, China and Japan should cooperate with each other. China and Japan are the two most important powers in the Far East. At the same time, these two countries represent the Oriental civilization. Preservation of peace in the Far East depends therefore on the rapprochement of these two countries. Under these conditions it should be natural for these two countries to treat each other sincerely and to respect each other's rights and with a spirit of equality an reciprocity maintain peace in the Far East. However, history shows that that this has not been true in the past. Japan's aggressive attitude has been the primary cause of this situation.

"Thus, if there is to be a Sino-Japanese rapprochement, Japan must change her aggressive attitude. We hope Japan will discard her usual insincere attitude and adopt one of sincerity in her dealings with China. We hope also that the situation created by her aggressive policy can be eliminated. This is in fact the prerequisite of a Sino-Japanese rapprochement."

U.S. Senate Approves Appointment of Nelson T. Johnson as U.S. Ambassador

The U. S. Senate June 14 approved the appointment of Nelson T. Johnson as the United States Ambassador to China.

Commenting on the raising of the legations in China to embassies, Arthur Brisbane in his famous "To-day" column said:—"The U. S. minister to China, Nelson T. Johnson, who now gets $12,000 a year, will get $17,500 a year as ambassador. As minister he represents only the United States government. As ambassador he represents "the President in person." That makes $5,500 a year difference. Let us hope it will not be necessary to build a million-dollar embassy anywhere in China. There is no knowing when Japan or Russia might be blowing holes in it."

Consul General E. S. Cunningham to Retire After 37 Years of Service

Formal announcement was made in Washington June 14 that Edwin S. Cunningham, U. S. Consul General, would retire, after 37 years in the American Consular service. Although Mr. Cunningham passed the age limit two years ago he was persuaded to remain in his position. Secretary Hull telegraphed Mr. Cunningham approving his retirement and congratulating him on remaining in the State Department service for the two extra years. Mr. Hull said: "Your two extra years have been of inestimable service. It is largely as a result of them that the situation which caused this demand upon you has been so improved that it can now be entrusted to another."

The age for retirement from active service in the U.S. consular service is 65 years. The President of the United States may, under unusual circumstances, extend beyond 65 years the active period on a consul who has reached the limit, but such action is seldom taken. Mr. Cunningham was born on a country farm in mountainous terrain near Knoxville, Tenn. He received his primary education in the schools of that region. Mr. Cunningham has announced that he will retire to his boyhood home in Maryville, Tennessee.

Mr. Cunningham's likely successor is Monnett Davis, who was transferred to Shanghai from Stockholm several months ago.

Soviets Oppose Japanese Method of Open Sea Fishing in North Seas

The Japanese method of open sea fishing in the north seas, which is deplored by Soviet officials who allege that it has a detrimental effect upon the conservation of the fish, is defended by officials of the Japan Marine Products Guild. The problem will be one of the most important items of discussion in negotiations on renewal of the Russo-Japanese fishery treaty.

Far Eastern Regions Fulfill Sowing Plans Ahead of Schedule

Tass reports that the sowing plan for cereals in the Far Eastern region was fulfilled thirty days earlier than in 1934. About 704 thousand hectares of wheat, oats and barley were sown.

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Sir Alexander Cadogan Presents Credentials as Ambassador

Sir Alexander Cadogan, the first British Ambassador to China, presented his credentials to President Lin Sen at Nanking June 15. The ceremony took place at 11 o'clock at National Government House.

After the formal introduction. the British Ambassador in addressing President Lin Sen said :—"The decision to accredit an Ambassador to China is intended as a demonstration of the good-will my Sovereign and his Government feel toward China, and is a mark of the importance which they attach to close co-operation in all that concerns the material interests of the two countries. Little more than a year ago, when your Excellency did me the honor to receive me, I ventured to express hopes for the maintenance and strengthening of the bonds of friendship and mutual confidenee which so happily existed between your Excellency's great country and my own. I like to think that during the time which has elapsed, these hopes have been realized, and I am glad of this opportunity of renewing to your Excellency my assurance that I shall devote my whole energy to endeavoring to further a continuance of this happy state of relations between the two countries."

In the course of a reply to Sir Alexander's address, President Lin said :—"I am happy to agree with your Excellency that the reciprocal elevation of the diplomatic missions of our two countries is a demonstration of the good-will which they bear towards each other and testifies to their mutual appreciation of the importance of their close co-operation. My happiness on the present occasion is greatly enhanced by the pleasure of welcoming your Excellency among us as the first British Ambassador in China. The able and agreeable manner in which your Excellency has represented your country in China, and the untiring endeavors which your Excellency has directed towards promoting our common interests, make me feel all the more confident that the friendly relations so happily existing between our two great nations will yet be further strengthened during your Excellency's present sojourn in this country."

Sir Alexander Cadogan, after presenting his credentials, was the guest of Lin Sen at a banquet, while at night he attended a dinner given by Wang Ching-wei, President of the Executive Yuan and concurrently Foreign Minister.

Akira Ariyoshi Presents Credentials as Ambassador to Lin Sen

Akira Ariyoshi, Japan's first Ambassador to China, presented his credentials to Lin Sen, chairman of the National Government's State Council, at Nanking June 14. Clad in gold-braided full-dress uniform, with white-plumed hat, Mr. Ariyoshi arrived in the National Government building shortly before 11 o'clock accompanied by his secretaries and M. Suma, Japanese Consul General in Nanking. After a short rest, he was ushered, amidst the playing of the Japanese national anthem by a military band, into the auditorium where he was received in audience by Lin Sen. Mr. Ariyoshi in the course of a speech said : "It is but natural that Your Excellency's country and mine should cultivate the most friendly relations, indeed, it is my belief that a closer relationship between our two countries will not only be a blessing to our peoples but will also serve as the foundation upon which our mission in Eastern Asia may be fulfilled. My Government attaches great importance to this mission and earnestly hopes to achieve it by furthering the mutual understanding between our Governments as well as our peoples. It is my desire as the first Japanese Ambassador to this great country to exert all my efforts to attain this object. I earnestly hope that your Government will give every assistance in the performance of my duty."

In reply Lin Sen among other things said : "I wish to assure Your Excellency that whatever may contribute to the furtherance of the welfare of our two countries, thereby strengthening the foundations of world peace, the National Government will spare no effort to realize. I have no doubt that Your Excellency will be glad to lend your co-operation. On our part we are always ready to offer every facility which Your Excellency may need in the performance of your duties."

Mr. Ariyoshi was the guest of honor later in the afternoon at a dinner party given by Lin Sen, who toasted the health of the Japanese Emperor. Mr. Matsumura, third secretary of the Embassy, proceeded to the Sun Yat-sen Mausoleum to lay a wreath at the tomb of the founder of the Chinese Republic on behalf of Mr. Ariyoshi. In the evening Mr. Ariyoshi was entertained at a dinner party given by Wang Ching-wei, President of the Executive Yuan and concurrently Minister of Foreign Affairs.

Possibilities for Greater Sino-Soviet Trade

BY PERCY CHEN

RUSSIA has now become an industrial country. The Five Year Plan has as its aim the development of *Heavy Industry*, so as to put Russia in a position to build "not only machines for light industry but to produce the machines and materials for developing the machine building industry".

This policy has had undoubted success. Russia now possesses a large number of machine building factories which are more than able to take care of the needs of the Light Industrial Plants and Factories in their own country.

According to their figures:—

Production of machine tools	1927-28	1932
Total including Turning lathes, Turret lathes, Drilling, Planing, Milling machines, and Bolt Screwing machines	1,783 units	17,666 units

This is only one type of machine tool produced. But the increase is significant. The Russians now produce all of the machines necessary for all light industry, including textile, boot, clothing, canning, and paper manufacture. They produce rolling mills and presses for making boilers, pumps and compressors, metal working machines, (above) construction and road building, agricultural machinery, railroad equipment, etc.

In 1934 the output of pig iron was 10,000,000 tons. They have set the enormous figure of 45,000 tons of steel as their future daily production.

On the basis of the above, Russia is now in a position to *Export* the machines that are produced in their factories.

I am authoritatively informed that the Russian trade policy vis-a-vis China is not to sell articles of comsumption or commodities that can be or are produced in China but to concentrate upon the export of machinery, iron, steel, paper for printing, electrical motors and equipment, telephones, tractors, agricultural machinery, tools, motor cars and instruments.

The Future Need of Chinese Trade

The industrialization of China is proceeding principally along the branches of *Light Industry*. This is because of certain economic and financial reasons. There is a market, though at present a limited market, for equipment for such industries. But although there is some demand for machinery the Russians would do well to continue to export certain commodities of comsumption as heretofore.

Of the products of the heavy industries there is a possible market for railway equipment, wheels, sleepers, rails, girders for bridges, equipment for electrical stations, turbines, boilers and diesel marine engines. In a few years time there will be a demand for fire bricks, foundry equipment, presses and cement. Automatic telephones also might be marketed here if a competent staff is maintained for installing and inspecting for maintainance purposes. The arrival of the first Soviet truck is a reminder that a new source of automotive products is in existence.

Peculiarities of Russian Trade

Up to now Sino-Soviet trade has been carried on in a hand-to-mouth method. In spite of rumors that a Trade Agreement will soon be negotiated, nothing up to now has beend one. But the fact that there is no Trade Agreement should not prevent us from exploring the market and seeing what will be the benefits from the negotiation and signature of such an Agreement.

Particularly at this period of our history, when our country is in an exceedingly difficult position, we should take all steps to develop friendly relations with all countries that give indications of similar desires. A frank discussion of the possibilities of trade between un-official or semi-official bodies (Chambers of Commerce) would assist in putting the matter on a concrete basis. Even better would be a tour of the Soviet Union and an inspection of the industrial plants by a representative group of Chinese importers and exporters. Such a tour could be utilized also for exchange of opinion between the group and the Russian All Union Chamber of Commerce in Moscow.

Difficulty is asserted to be experienced by Chinese exporters and importers in "contacting" the Russia buyers. It is also asserted that the Russian factories and trusts which export to China sometimes supply goods which do not correspond with the size or the specifications to which the Chinese trader is accustomed. This all bespeaks the fact that the trade relations between the two countries are new and just developing. One of the ways to accelerate the "cutting of teeth" would be to organize a "Sino-Russian Chamber of Commerce" in Shanghai. This Chamber of Commerce would serve a purpose analogous to that of the Russo-American Chamber of Commerce of New York which supplies information concerning the Russian market to American trading concerns and also keeps the Russians posted as to the requirements of the American market. It is a purely informatory body but has been instrumental in obtaining several hundreds of million dollars worth of business for American industry and commerce even during the period of non-recognition.

The fact that the Russians buy in great bulk is another reason for the formation of a Chamber of Commerce to assist Chinese producers and exporters in co-ordinating their efforts in this trade. But the principal need for the next year or so is for accurate information and forecasts as to the direction of that trade.

The Russians on the other hand will have to devote time and energy to a more complete study of the requirements of the Chinese market. This is very important from the point of view of deliveries. In China as in other parts of the world market there is a seasonal market, and late deliveries may have a very adverse effect upon the growth of trade.

From observations and data collected during my stay in Shanghai I have every reas on to believe that Sino-Russian trade will develop to the mutual benefit of both nations. Being a new stream of commerce, it must be explored, then it must be placed upon a business footing by the conclusion of a Trade Agreement in which the advantages are mutual, following which the Russian market and Russian industry as a source of supply should be known to and available to as wide a circle of Chinese commercial organizations as possible.

Shanghai, June 17, 1935.

Many Factories Close, Unemployment Increases in Shanghai

According to the Shanghai Municipal Council, because 34 factories have closed in the past few months, there are more than 20,000 unemployed factory workers in Shanghai at present.

More than 10 out of a total of 53 cigarette factories in Shanghai have suspended operations because of poor business.

Many Shops Close in Tsingtao

More than 100 shops in Tsingtao have closed their doors because of heavy losses and the poor business outlook.

The Hangchow Municipal Government and the Hangchow City Chamber of Commerce convened a meeting June 10 of commercial leaders to discuss measures for relief of the business depression.

Five Shops Close Doors in Soochow

Five of the largest shops closed their doors in Soochow June 5 because of heavy losses. They were unable to meet their financial obligations at the "Dragon Boat Festival".

Min Hwa Bank to Pay Seventy Cents on the Dollar

The management of the Min Hwa Bank, which failed recently, has decided to pay its depositors 70 cents on the dollar.

The Fu Tai Native Bank in Shanghai, closed its doors June 5, because of heavy losses.

Reduction of Work in Wusih Cotton Mill

All cotton mills in Wusih have reduced their working capacity from 25 to 50 per cent, in accordance with an agreement which the mill owners reached in a recent meeting. The Kwang Chin, Chin Foong, and Fu Hsin Cotton mills suspended operations completely.

Dr. C. T. Wang Seeks Higher Duties on Foreign Coal

Dr. C. T. Wang, Chairman of the Board of Directors of the China Mining Federation, recently submited a petition to the Executive Yuan asking for a higher import duty on foreign coal as a measure to protect the native coal industry.

Szechuen Salt Industry in Depressed State

More than several million workers depending on the production of salt for a living, are facing unemployment in Chungking as a result of the poor conditions in the salt business in Szechuen in recent years.

Shensi Gets $300,000 Reconstruction Loan

The Shensi provincial government has secured a loan of $300,000 from Sian bankers for reconstruction purposes.

Bus Service Operates on New Harmi-Lanchow Highway

The highway between Lanchow in Kansu Province and Harmi in Sinkiang Province was completed last week. Ten omnibuses of the Suiyuan-Sinkiang Motor Company are running on the Highway, covering the distance between the two cities in five days.

A loan of $1,600,000 to finance the completion of the Nanking-Holichi section of the Kiangnan Railway linking up Nanking and Shao-an, on the Fukien-Kwangtung border, has been secured by the Kiangnan Railway Company from Shanghai banking circles.

Shanghai Banks Furnish $4,000,000 to Promote Kwangtung Sugar Industry

Arrangements have been made with three Shanghai Chinese banks for a loan of $4,000,000 for the promotion of the Kwangtung sugar industry. The money is to be used by the Kwangtung Provincial Government for the development of a sugarcane plantation.

Increased Note Issue by Central Bank of China

The Shanghai *Mainichi* June 12 stated that the amount of paper notes issued by the Central Bank of China has increased from $90,000,000 at the end of 1934 to $97,610,000 at the present time.

Issuance of Szechuen Bonds Approved by National Government

Approval has been given by the National Government to the Szechuen provincial government for the issuance of the Szechuen provincial rehabilitation bonds for the 24th Fiscal Year amounting to $70,000,000. It is understood that the proceeds of the loan will be employed for bandit-suppression and rehabilitation purposes and the readjustment of old loan obligations.

"China Times" Urges Precautions in Introducing Reforms

The *China Times* comments:—"China welcomes the financial experts of foreign countries to come and investigate the situation in China. However, we want to point out that the present unhealthy monetary condition in China is due to the international monetary war and the silver purchasing policy of the American Government. Not trying to solve their own problems but trying to divide Chinese currency into two groups for their respective interests is little different from Sir Victor Sassoon's

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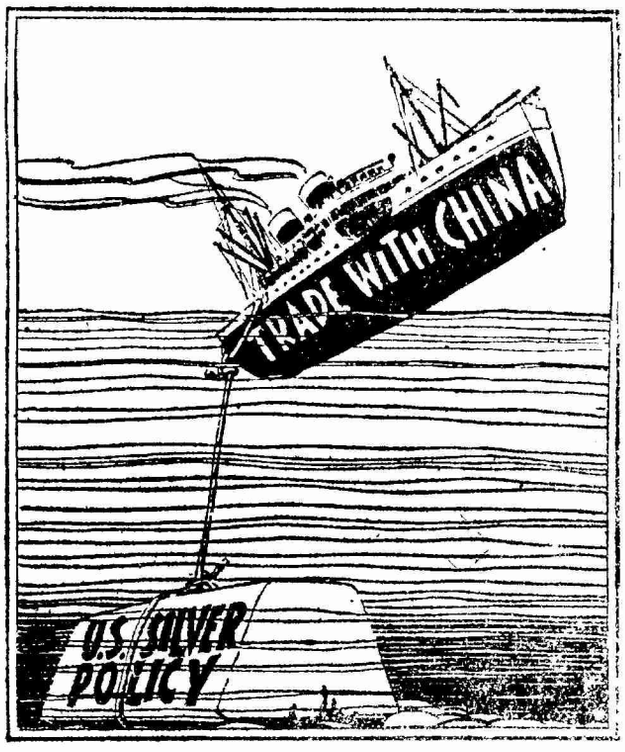

From the San Francisco Chron[illegible]

proposal. China is well acquainted with the economic diplomacy of the foreign powers. We are perfectly sure that the Chinese Government will take special precaution before introducing any reform into the Chinese currency system and will not be affected by the financial investigators of the foreign countries."

Japanese Say Britain Wants to "Colonize" China

The *Shanghai Mainichi* (Japanese) comments:—"The action of Great Britain in sending a financial expert is by no means for the interest of China but for preservation and strengthening of British economic interests of China. Last year, Dr. T. V. Soong asked for a British loan amounting to £20,000, 00. Great Britain refused the proposal on the ground that such a step night injure her friendly relations with Japan. Great Britain declared further that she would like to invest money in China only when the situation in the Far East improves. This attitude of Great Btitain resulted in the formation of a pro-Japanese policy by the Nanking Government. The present action of Great Britain can be regarded only as a measure to colonize China.

"According to reports from Washington, the American Government is taking a very cool attitude towards the whole affair. According to an American official, in past experience America not only lost money but also a friend."

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General Hayashi Urges "Friendly Relations" Between Japan, China and Manchukuo

GENERAL Senjuro Hayashi, War Minister, on his arrival in Tokyo June 16 from an extensive tour of Manchukuo stated in an interview that Japan must lead China to the realization that only friendly relations among Japan, China and Manchukuo can secure the peace of the Orient. The War Minister added that there existed at present no reasons which could lead to a clash between Soviet Russia and the new State, but stressed the need for constant attention to a situation which might give rise to conflicts.

Commenting on the maintenance of peace and order in Manchukuo, General Hayashi said that although much progress had been made by the Japanese-Manchurian troops in eradicating banditry, complete elimination of the evil was difficult of achievement in a short period of time.

The War Minister urged that Japan embark on a big-scale migration scheme, sending settlers to "Manchukuo's vast uncultivated lands". "Such a plan," he said, "would solve our own population problems, and, at the same time, assist in the industrial development of the new State."

"Brain Trust's" Auxiliary Talks Financial Reforms

Drastic reforms in national and local government finances were discussed in Tokyo, June 12, at the first meeting of the councillors of the Cabinet Bureau of Investigation, at the official residence of Premier Keisuke Okada.

"Brain Trust" at Second Meeting Discusses Unfavorable Trend of Finances

Drastic redrafting of the national and local finance policies was discussed June 17 at the second meeting of the National Policy Council. Mr. Yoshida, Director of the Cabinet Bureau of Investigation, auxiliary of the "brain trust", read the bill submitted to the Council for study. An explanatory note attached to the bill read: "The national economy of this country is still in the throes of depression, with the rural and fishing districts in special need of immediate atttention. The national finance is showing an unfavorable trend, with a possibility of serious future effect on the financial and economic circles."

German Krupp Works to Establish Plant in Toyko to Make Chemical Machinery

The German steel works Krupp has decided to set up a plant in Tokyo for the manufacture of various chemical machines. Shigeo Hida will manage the plant on contract and the Krupp Works is to supply acid-resisting steel and all other materials needed for making chemical machinery. The *Jiji* says this will give the formal appearance of two istinct organizations between the Krupp Works and the Tokyo plant but in substance it marks the advance of the German firm on Japan's chemical machinery industry. It is expected to begin operation shortly.

Japanese Foreign Office Plans to Expand Activities

Several projects for a large-scale expansion of various activities of the Japanese Foreign Office, to be realized during the 1936-37 fiscal year, have been submitted to Mamoru Shigemitsu, vice-minister. They envisage the establishment of a Western Asiatic Affairs Bureau; the expansion of the Bureau of Commercial Affairs; the creation of a Bureau of International Cultural Relations; the elevation of two legations to embassies; the establishment of a legation, a consulate-general and several consulates.

Japanese Harbor Experts Sail for South Seas

Agricultural and harbor construction experts designated by the Ministry of Overseas Affairs to draw up a five-year plan for development of Japan's mandated islands in the South Pacific departed from Yokohama June 17 for Palao, aboard the S. S. *Palao Maru*.

Japanese Ship Lines to Open New Service to Arabia

Inauguration of shipping between Japan and East Arabian ports, was announced in Osaka, June 13, by the Nippon Yusen Kaisha and the Osaka Shosen Kaisha, Japan's leading shipping concerns. The opening of the service reportedly follows negotiations between the British Federation of Industries and the two firms.

Japan to Have Powerful New Radio Station

A Yen 2,000,000 order for broadcasting equipment for what will be the most powerful radio station in the Orient was placed June 12 by the Japan Broadcasting Association with the Japan Electric Company.

Gaimusho to Set Up Super-Trade Body

The establishment of a super-trade body to correlate the activities of exporters' guilds throughout the country is being considered by the officials of the Japanese Foreign Office.

Export of Miscellaneous Goods to America Is Promising, Expert Believes

A bright future for the exportation of Japanese miscellaneous goods to the United States was forecast in Osaka, June 14, by Hisakatsu Watanabe, Chief of the Permanent Exhibit of Japanese Products in San Francsco, in an address before a body of influential businessmen.

Japanese Impose Retaliatory Duties on Canadian Products

A 50 per cent increase in the tariffs on five or six items of imports from Canada, to remain in force for from six months to a year, was decided on by the Tariff Investigation Commission of the Finance Ministry June 14. The increase would affect the inports of wheat, lumber and wood-pulp, but would exclude printing paper, zinc and lead. The Japanese action is in retaliation for heavy import duties imposed by Canada framed in such a way as to particularly hit Japanese goods.

Gen. Chiang Tso-ping to Present Credentials to Emperor Hirohito

Gen. Chiang Tso-ping, was scheduled to present his credentials to Emperor Hirohito in Tokyo June 20. The envoy and Mme. Chiang were subsequently guests of their majesties at a luncheon.

Mixing of Gasoline and Alcohol Not Considered Feasible

The *Hochi* says that although the Finance Ministry seeks to reduce importation of gasoline in order to improve the international payment balance of Japan by mixing alcohol with gasoline, oil industrialists see difficulties in the way of its realization. They think that in a country like Japan where gasoline is cheap, mixing of alcohol with it would not pay. In a country where gasoline is dear, as in Germany, this step has been taken. In the United States, for instance, the attempt has failed because gasoline there is low in price.

Kansai Businessmen to Proceed on Inspection Trip Through Russia

Leading businessmen in the Kansai district are being canvassed in an effort to organize a three-months inspection tour of Soviet Russia this fall. The sponsor for the trip is Kozaemon Kawatani, Commercial Councillor of the Japanese Embassy in Moscow.

High Cost of Electric Power Blamed for Poor Conditions of Farmers in Japan

The high cost of electricity in rural districts is caused by the monopoly of electric power and light supply, and is also hindering the electrification of agricultural works and the improvement of the farmers' economic condition, the Department of Agriculture and Forestry announced June 12 after investigations of the conditions of farming districts.

Osaka and Vicinity Hit by Epidemic

With the approach of the first summer after the typhoon disaster of September, 1934, an alarming increase of epidemic cases is being reported in Osaka and its vicinity. The upsetting of sanitary conditions by the typhoon is believed to be responsible and considerable anxiety is entertained as to the situation in the hot months.

India Plans New Levy on Woolen Goods Imports

The imposition of a new import tax on woollen goods to be levied according to weight and ranging between 50 to 60 per cent ad-valorem is being planned by the Government of India. Woolen goods imported from Britain will receive preferential treatment, with the duty not exceeding 25 per cent.

Japanese Vice-Consul Embezzles "Chinese Cultural" Funds

A Japanese vice-consul at Tsingtao, Tojiro Mogi, did a disappearing act for several weeks, which has aspects somewhat similar to that of the celebrated Kuramoto incident at Nanking last summer. However, on this occasion the disappearing was done in Japan, after the vice-consul had landed at Kobe on May 18, from the s.s. *Nikko Maru* with his wife and four children, on furlough. The details of the incident are related somewhat as follows by the *Osaka Mainichi*. Upon arrival at Kobe, he sent the family to his wife's home in Yokohama, saying that he had work to do in the city. He then went to call on a 19 year-old geisha, with whom he is said to have become intimate while she was living in Tsingtao. After staying two days at the home of the geisha, he went to Kyoto with her, her elder sister (also a geisha), and her mother. After sightseeing, he left them at the Kyoto railway station, saying that he would return to Tokyo by a night train. He then disappeared and nothing was heard of him until he presented himself at the official residence of Mr.

Hidaka, Superintendent of the Personal Section of the Foreign Office in Tokyo late in the night of June 7 and confessed to embezzlement. The amount involved is presumed to be somewhere in the neighborhood of Yen 250,000.

He then apologized for his crime, and Mr. Hidaka promptly urged the vice-consul to give himself up to the police. In fear of a possible attempt at suicide, detectives were called in the small hours of the next morning to Mr. Hidaka's residence, and the vice-consul was taken in tow by the Metropolitan Police Board.

Prior to this, Mr. Mogi called on his wife, in Yokohama, and said goodby to her. Enquiry at Shimoda, where Mr. Mogi had been staying since the week previous, revealed that he had been on a spree at various restaurants at Shimoda. A special despatch from Tsingtao said that Mr. Mogi posed in that city as a lucky gambler at the horse races. Thus he spent large sums of money at restaurants and cafes without arousing suspicion. The main cause of his embezzlement, he said, was his failure in "silver speculation," which he first started in 1929. In order to cover the loss he took a certain amount of official money, and later, in an attempt to return the official money before the matter came to light, he engaged in further speculation, failing again.

He finally became desperate, and went on the spree. Mr. Mogi often spent Yen 1,000 a night on geisha parties, and sometimes even Yen 3,000.

The "official money" above referred was mostly from the "cultural" funds which the Japanese have been distributing rather freely throughout this country of late. The funds were being used for educational, "cultural" and other purposes, the nature of which has never been fully disclosed.

American Economic Mission Departs—Issues Farewell Message

The American Economic Mission, having completed its labors in China, sailed on the Dollar liner *President Coolidge* for the United States, June 18. Before leaving Shanghai the Mission issued a statement in the nature of a farewell message to the effect that a full report will be written on the passage, but will probably not be finished until afrer arrival in New York. No indication can be given as to what the findings and recommendations of the Mission are going to be nor when the report will be published.

Members of the Mission tendered a big banquet at the Park Hotel June 18 in honor of Chinese officials and friends who assisted in making their sojourn in this country pleasant and valuable. W. Cameron Forbes, chairman of the mission, P. W. Kuo, vice-chairman of the Chinese reception committee, and Chang Kia-ngau were the principal speakers.

In a short speech, Mr. Forbes, voiced the parting sentiments of the mission. Recalling the brevity of Abraham Lincoln's Gettysburg address, he said the feelings of the Mission can be summed up in two words "Thank you".

College Graduate Drug Addict Executed at Peiping

Chai Chiao, a university graduate addicted to the use of narcotic drugs, was shot by a firing squad at the Hsiaowang-chwang execution ground in Peiping June 12. Chai applied voluntarily to the local drug treatment clinic for treatment some time ago, and was cured of his habit after a period of two weeks. When the clinic was thrown open for public inspection on March 24 Chai was called upon to speak in response to a speech made by Wang Yu-keh, the then secretary-general of the Tientsin Municipality. Chai distinguished himself as an eloquent speaker, and his speech so impressed the Mayor that he was given a position on the clinical staff. But towards the latter part of May, much to the disappointment of the authorities, Chai was discovered by his colleagues to have once more relapsed into his old habit and was immediately put under arrest. He was later tried by the special tribunal for drug addicts and was given the death sentence.

New-Life Movement Leads to Boycott of B.A.T. Products in Chekiang

The *North China Daily News* of June 13 noted a revival of the boycott in Chekiang directed against the China-made products of British and American firms. At Szean at the beginning of the month 150,000 cigarettes, the products of the Yeh Tsoong Tobacco Co., made in their Shanghai factory, were forcibly removed from the godown there and burned. At Tsungtehhsien a committee checked and chopped all the cigarettes on the market which had been made either by the Yeh Tsoong Tobacco Co., (camouflaged name of the British American Tobacco Co.) or the Tobacco Products Co., an American concern operating a factory in Shanghai, and warned the shops stocking them that, when the present supply had been sold, no more should be purchased. Incidents similar to these two have occurred at various points throughout the province during the past few months. The movement is being conducted under the guise of the New Life Movement, with, it is alleged, the backing of the local Kuomintang organizations.

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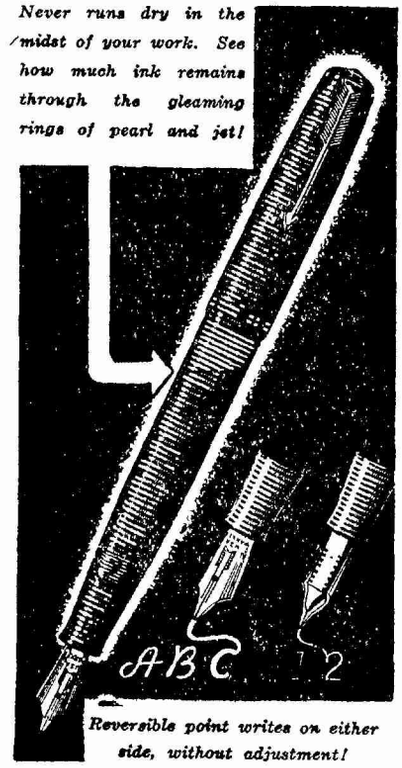

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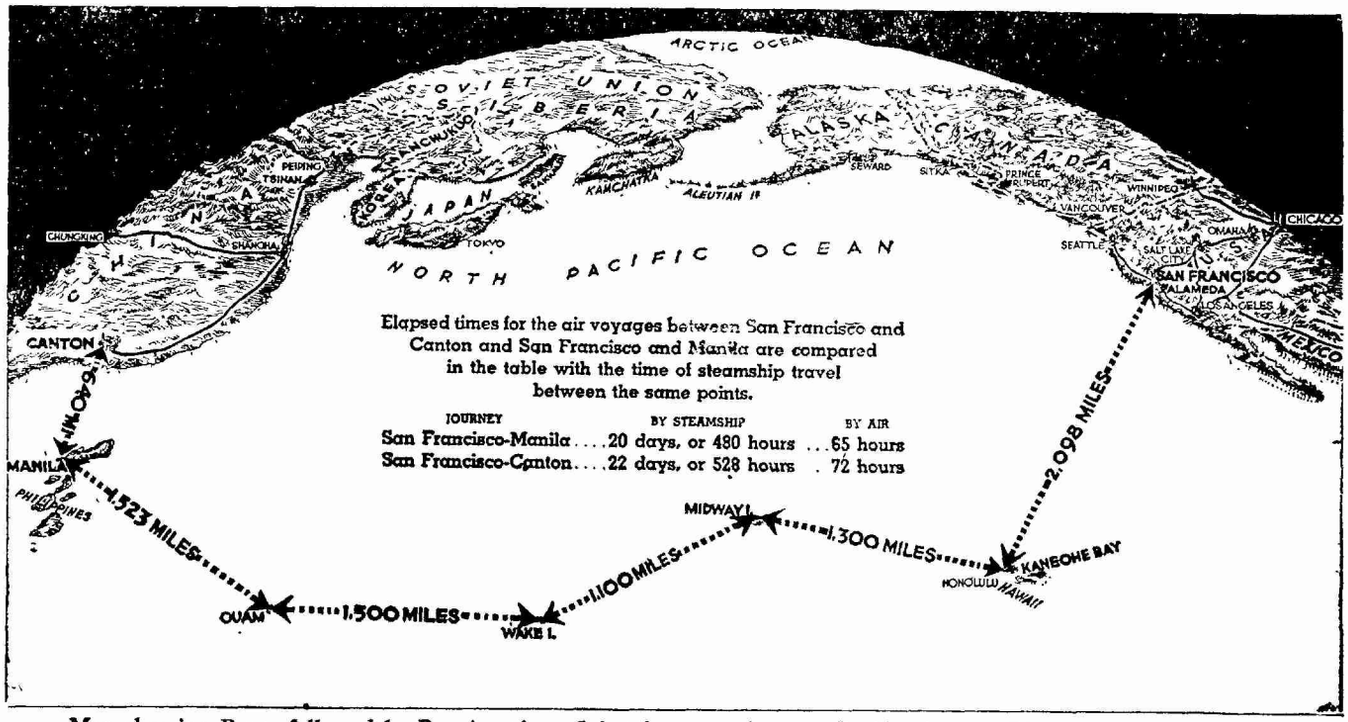
PAN-AMERICAN CLIPPER FLIES TO MIDWAY—RETURNS TO PEARL HARBOR



Map showing Route followed by Pan-American flying boats on the trans-Pacific airway. Distances are given in nautical miles. Radio direction finders with 1,800-mile range guide the planes while flying.

The giant "Flying Clipper" of the Pan-American Airways, which completed the 2,400-mile flight from San Francisco to Honolulu June 13 in the record time 17 hours and 52 minutes, hopped off at 11.27 June 15 from Hawaii Eastern Standard Time, for Midway Island, where it landed June 16, 1.40 a.m. Greenwich mean time. The latter is the second of the five bases now being laid down in the Pacific for the regular commercial air service which, it is hoped, will be established between the United States and China this autumn, or earlier. The purpose of the flight—the second experimental one over this part of the 8,500-mile route between San Francisco and the Far East—was to test the powers of the Clipper in unsettled weather conditions. A complete account of the equipment of the "Clipper" was published in the Review June 15.

The Clipper departed on the return journey from Midway, July 17, 8.45 a.m. (Pacific standard time) and landed at Pearl Harbor, Honolulu at 4.20 p.m. same date.

Chiang Kai-shek Pushes China's Aviation Program

According to recent reports, Gen. Chiang Kai-shek has decided upon a huge program for the creation of a new and powerful airforce in China. In addition to the Hangchow Aviation Academy, a large aviation school will be accommodated. Preliminary training will be conducted under the guidance of Chinese experts, while higher technical training will be conducted by foreign instructors. About 30 Italian instructors and advisers and about 10 American instructors and advisers are now being enrolled.

Out of the total of 500 or 550 planes of the Nanking Government, the majority have been bought from the United States. Approximately 25 planes were purchased by Nanking from the United States, France, and Italy monthly since January to August, 1934. However, the greater part of the planes which were bought this year came from Italy. According to the present schedule, 1,000 new machines will be ready by the end of 1937.

British Air-Fleet Acquires Land for Another Airdrome at Singapore

Five hundred and sixty-eight acres of land were acquired at Singapore June 15 for the purpose of the island's third service airdrome, which is believed to be required for the British Fleet Air Arm. The second airdrome is due to be completed in November. An extensive plan for the instruction of the public in air raid precautions is being prepared by the civil and military authorities.

British to Put £275 Airplane on Market

An airplane to sell for £275 is the latest British development. In its present form, it is a single-seater monoplane, powered with a sixteen horse-power motor-cycle engine. It cruises at only fifty miles an hour, on a gallon of gasoline, and can land at less than 25 miles an hour.

Wiley Post Fails Again in Attempt to Reach N. Y. Via Stratosphere

Captain Wiley Post has once again failed in his attempt to fly to New York through the stratosphere. He landed at Wichita, Kansas, June 15, after having made good time from his starting point at Burbank, California.

U. S. Postmaster General to Ask $1,850,000 Subsidy for Pan-American Trans-Pacific Air Route

Postmaster General Farley June 9 endorsed the proposed transpacific air route, which Pan-American Airways is pioneering, and announced that he would recommend an appropriation of approximately U.S. $1,850,000 by Congress through the deficiency appropriation bill. "There isn't any doubt that the money will be made available," he said.

U. S. House Approves Plan for Alaska Air Bases

The House of Representatives June 5 passed an amendment to the Wilcox bill which calls for the construction of air fields on the Atlantic and Pacific defense areas, to include air bases in Alaska and the Caribbean sea.

Extension of Tokyo-Taihoku Air Line to Hongkong and Singapore Planned

Extension of the air line between Tokyo and Taihoku in Formosa to be inaugurated in January next year to Hongkong and Singapore, thus bringing Singapore within two day's voyage instead of 14, as required by steamship, is being planned by the Japan Air Transportation Company in conjunction with the Aeronautic Bureau of the Communications Ministry.

Rbls. 21,000,000 Voted for Soviet Plane Industry

Moscow advices state that some 21,000,000 roubles have been voted for the development of the Soviet Russian airplane industry, as an integral part of the second Five-Year-Plan. It is intended to make Siberia the chief sphere of activity of the new industry, so that, should the necessity arise in the Far East, Siberia could deal with the situation independently of Central Russia.

U. S. Legation May Be Transferred from Peiping to Nanking

Recent Washington advices indicated that according to well-informed quarters the United States Legation to China will shortly be transferred from Peiping to Nanking. This transfer will coincide with the elevation of the Legation to the rank of Embassy, as announced on May 17 last. This step, which will have to be ratified by Congress, is said to have been decided upon by the Washington Government in view of recent developments in North China.

Who's Who in China

錢天鶴字安濤
Chien Tien-hao

Chien Tien-hao, agricultural expert and Government official; born at Hangchow, Chekiang, 1893; received education in the United States, graduating from the New York State College of Agriculture and Forestry of Cornell University with the degrees of B.S.A. 1917 and M.S.A. 1918; professor of Agriculture and concurrently head of Sericulture Department, College of Agriculture and Forestry, Nanking University, 1918-23; principal of the Provincial College of Agriculture, Chekiang, 1926; section chief in Ministry of Education, 1927-28; director of Metropolitan Museum of Natural History, Academia Sinica, director of Bureau of Agriculture and Forestry, Chekiang and concurrently Commissioner of Agriculture and Mining, Chekiang Provincial Government, 1929-33; Vice-Director of National Agricultural Research Bureau, Ministry of Industry, 1933 to present; address: National Agricultural Research Bureau, Shaolingwei, Nanking.

錢天鶴字安濤，四十二歲，浙江杭州人，民國六年畢業於美國康乃爾大學，得農科學士位，翌年得碩士位，七年至十二年任南京私立金陵大學農科教授兼蠶科主任，十五年任浙江公立農業專門學校校長，十六年至十七年歷任大學院及教育部科長職，十八年至二十二年歷任國立中央研究院自然歷史博物館主任，浙江省農林局局長及浙江省政府農礦處處長等職，二十二年夏任實業部中央農業實驗所副所長，現任斯職。通信處：南京中山門外孝陵鎮中央農業實驗所。

Prominent Peiping Journal Approves of Birth Control in China

The Peiping *Chen Pao* comments:—"Thanks to the efforts of its promotors during the last few years the Birth Control Movement in Peiping has made notable progress. Our people are extremely reckless in breeding with the result that they often produce more children than they are capable of bringing up in a proper way. This is responsible for much of the misery in China to-day. There is nowadays a great deal of talk about national rejuvenation but it seems that the question of improving the quality of the Chinese race has received scanty attention. According to the teachings of modern eugenists the quality of a race can be improved though this may take scores of years. However, before the principles of eugenics can be applied birth control must be first practised."

A Warning To Women—Health Not As Good As It Should Be.

Speaking at a gymnastic display by the National Council of Girls' Clubs at the Albert Hall, London, Sir George Newman, chief medical officer to the Ministry of Health, said, "The health of the women of England is not as good as it should be—there is too much preventable anaemia in girls and women."

Women should heed such a warning, for anaemia is the root cause of much ill-health If you are anaemic your urgent need to restore health and strength is a tonic capable of creating new, rich, red blood in abundance, and many thousands of sufferers from anaemia have found just this tonic in Dr. Williams' Pink Pills.

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Men and Events

Cheng Kan-chi, the new Commissioner of Reconstruction of the Kweichow Provincial Government, assumed his duties at Kweiyang June 4.

The Ministry of Interior has appointed Fan Wen-chao (Robert Fan), well-known architect in Shanghai, as delegate to the International Architectural Conference to be held in London on July 15.

General Ma Pu-fang, Commander of the newly organized 2nd Army, has been appointed by General Chiang Kai-shek, as concurrently Director of the Chinghai (Kokonor) Provincial Peace Presentation Bureau.

Trouble is feared in Chinese shipping circles between the ships owners and the seamen following decision this week of the Shanghai Shipping Company Owners Association to reduce wages by 20 per cent.

A Bland Calder, former assistant U. S. Commercial Attache in Shanghai, proceeded to the United States on the Dollar liner *President Coolidge* June 18. C. E. Cristopherson, formerly stationed at Manila, suceeds Mr. Calder in Shanghai.

Percy Chen, who recently returned from Moscow, addressed the members of the Shanghai Y. Men's Club on "The Present Situation of Industry and Agriculture in the Soviet Union" at their regular weekly tiffin meeting June 18.

Douglas Fairbanks, famous movie star, passed through Shanghai June 17 on his way to the United States to attend to the affairs of the United Artists. He was accompanied by Lady Ashley and Miss Carew, together with whom he left his yacht at Sourabaya, while cruising to Australia.

Chiang Hsi-po, youthful 13-year-old student of the Chung Ying Junior Middle School, was the winner in the oratorical contest for all High School students sponsored by the Air Defense Exhibition Committee at the auditorium of the Officers Moral Endeavor Association in Nanking June 11.

As a result of the strenuous efforts of the Kiangsi Provincial Government in the encouragement of afforestation, over 10 million trees have now been planted throughout Kiangsi, according to Kung Hsueh-sui, Provincial Commissioner of Reconstruction for Kiangsi, who visited the Capital last week.

Counterfeit notes with a face "value" of $200,000 were seized and 30 men and women arrested when Chinese police carried out one of the most sensational raids in the history of Shanghai June 15 and found clues which indicated that a gang of vast dimensions was at work printing and distributing the money.

In compliance with a request from the League of Nations, the Ministry of interior has instructed the provincial Governments of Kiangsu, Shantung, Szechuen, Kansu, Fukien, Hunan, Hopei, Chahar and Sinkiang to make an investigation of the conditions of Russian women-refugees in their respective areas.

Various rumors were current during the week regarding the future of Dr. C. T. Wang, former Foreign Minister. One report stated that he has been asked by the Government to take a trip to the United States shortly on a special mission. Another report stated that he would be appointed Ambassador to Washington.

Advices from Hongkong state that General Pei Chung-hsi will leave for a military investigation tour of Europe and America in the near future. General Pei will be away for one year. General Li Chung-jen will return to Kwangsi to assume direct command of the Kwangsi forces, during General Pei's absence.

Joseph E. Missemer, a graduate of Francis Xavier's College in Shanghai, and an electrical engineer who received his training in the Schenectady shops of the General Electric Co. is at present in Brazil in the employ of the Bucyrus-Erie Shovel Co. of South Milwaukee, Wis., on a huge electrical drag-line excavation project.

News was received in Shanghai early this week that D. Dolmatoff, the representative of the Mladorosses (Russian anti-interventionist organization) was arrested in Harbin by the Japanese authorities. It appears that any manifestations of nationalistic feeling by Russians in Manchukuo are very distasteful to the Japanese.

The Fourth U. S. Marine authorities in Shanghai are investigating the death of Private Wiley J. Thrower, whese home is in Durham, North Carolina. He was shot dead during the early hours of June 14 in the quarters on Ferry road, the bullet having been discharged from a rifle in the hands of another Marine, who was stated to have been testing it.

Mr. and Mrs. S. C. Frencham, the two missionaries who were captured by bandits in south-western Shensi Province early this year and released about April 1, are on a holiday in Shanghai, living at the China Inland Mission, 1531 Sinza Road. The couple will leave Shanghai for Chefoo in about a week and plan to spend some time in the North China port.

L. Everett, a past president of the Columbia Country Club, was presented with a handsome silver salver at a ceremony June 13, at which there were present in addition to members of the Board of Governors, the Trustees, and the past presidents, Edwin S. Cunningham, U. S. Consul-General, Admiral Frank B. Upham, Col. J. C. Beaumont, Judge Milton J. Helmick, and M. D. Purdy.

Kweichow newspapers, which hitherto have been days late in the matter of news about what is happening elsewhere in China, are now catching up as the result of the extension of news distributing work of the *Central News* Agency to said province.

Miss Grace Liang, an authority on drama of the East and the West, who has just returned from a year's study in England, was the special speaker at the specially arranged tiffin talkie of the International Women's Christian Association in Shanghai June 13.

The following officers were elected for the year 1935-36 by the Shanghai American University Club at its annual meeting held at the American Club June 11:—J. Usang Ly, President; Judge Milton J. Helmick, Vice-President; Bruce M. Smith, Treasurer; and J. B. Lee, Secretary.

J. B. Powell, editor and publisher of the *China Weekly Review* and correspondent of the *Chicago Tribune*, proceeded to Peiping by airplane June 15. Other correspondents in Peiping are: Hallet Abend, correspondent of the *New York Times;* Victor Keen, correspondent of the *New York Herald-Tribune;* A. T. Steele, correspondent of the *Associated Press*; Frank Smothers, correspondent of the *Chicago Daily News*.

The casket containing the remains of the late Liao Chung-kai, who was assassinated in Canton several years ago, arrived in Shanghai June 17. The casket, after arrival, was removed to the Shanghai North Railway Station. Sacrifices were offered before the casket by delegates of Chinese public bodies the following morning, after which it was conveyed by train to Nanking where it will be buried near Dr. Sun Yat-sen's mausoleum.

The Health Administration, now under the Ministry of Interior, is to be transferred to the direct jurisdiction of the Executive Yuan, in accordance with the proposal of President Wang Ching-wei. A decision to this effect was reached by the Executive Yuan June 10. In view of the transf r, the laws governing the organization of the Ministry of the Interior and the Health Adminstration are to be revised by the organs concerned.

The *Christina Moller*, belonging to Moller & Co. in Shanghai (800 tons), while towing the *Salvador* (700 tons) from Iloilo to Shanghai for repairs, put in at the closed port of Kaikao, in southwest Formosa, owing to a shortage of water. After an examination of the captain and the crew, who are reported to have consisted of five British subjects and 40 Chinese, the port authorities announced that the reasons for the vessels putting at Kaikao were not satisfactory. Orders were then given for the steamers to be transferred to Takao for a further examination.

Dr. Henry W. Luce, a resident of China between 1897 and 1927, and father of Henry R. Luce, editor of *Fortune* and *Time* magazines, is at present a visitor to China and expects to remain here six months Dr. Luce was until recently professor on China, Japan, and South Russia in the Hartford Theological Seminary. He is Vice-President Emeritus of Yenching University and will be present at the graduation exercises which are being held there shortly. Henry R. Luce, his son, was born in Shantung province, 37 years ago, leaving for the United States at the age of fourteen.

Shanghai Americans Prepare to Celebrate Independence Day

The American Community Association of Shanghai is perfecting plans for an appropriate celebration of America's independence day, Fourth of July. The day's program will commence with flag-raising and a military display on the Race Course at 8 a.m. In the middle of the day, various receptions will be held, the principal and official one being at the U. S. Consulate-General, from 11.30 to 12.30. Receptions also will be held at the American Club, from 12.30 to 1.30, when the toast will be proposed by E. S. Cunningham, U. S. Consul-General, and at the Columbia Country Club.

Father Bush Rescued by Chinese Troops Near Huangpi

Henry J. Bush, an American Roman Catholic missionary belonging to the Mary Knoll Mission, who was captured by bandits about a month ago, was rescued from the hands of his captors by the Chinese troops near Huangpi, on the Kiangsi-Kwangtung border, on the night of June 15. Father Bush was later escorted to Shihchung.

Joseph Walden (Mr. "X") Is Handed Over to Chinese Authorities

Joseph Walden, (Mr. "X") the suspected Communist of puzzling nationality, was handed over to the Chinese Police June 20. He had been held at the Amoy Road prison since his arrest, in the Settlement, on May 5. The transfer was made as a result of a message to the Shanghai Municipal Council from M. Baudez, Acting Consul-General for France, stating that the French Government, after an investigation, had found that Walden's claim to French citizenship was false.

Gen. Yu Hsueh-chung Confers With Marshal Chang

(From the Review's Correspondent at Hankow)

GENERAL Yu Hsueh-chung, the erstwhile chairman of Hopei province, who tried to defy the threats of the Japanese military in Tientsin, is sojourning in Hankow for the time being, conferring with the Young Marshal and other officials. Arriving last Saturday evening from Paotingfu, Hopei, Gen. Yu plans to visit the Generalissimo too, in order to coordinate his work in the northwestern provinces. Since his resignation as chairman of Hopei he has been appointed as Defence Commissioner of Shensi, Kansu, and Szechuen.

Chiang Kai-shek in Nanking on Business

With most of the influential Chinese national leaders in Nanking, it is reliably reported that the Generalissimo is in Nanking conferring with his colleagues on the North China situation. Marshal Chang Hsueh-liang, it is rumored, may also visit the capital in the not distant future.

Madame Chang Hsueh-liang Leaves North China

Madame Chang Hsueh-liang, apparently finding the atmosphere in North China a bit too tense, left Peiping on the Peiping-Shanghai through express for Shanghai.

Apparently this is a good time for all the anti-Japanese Chinese to clear out of the province of Hopei.

Train-Loads of Northeastern Troops and Civilians Trekking South on Peiping-Hankow Railway

Last Sunday evening the Peiping Express was over three hours late in arriving at Hankow. Foreigners coming down from the north reported trains loaded with troops and machine guns and cavalry were now moving south. The express passed several train-loads en route. On being approached some of the civilians reported that they had left Peiping and environs for Hunan, where they would engage in road-building projects.

Kikungshan, Seat of Military Administration Bureau

The provisional headquarters of the president of the Military Affairs Commission has established an administrative bureau at Kikungshan, Honan, 125 miles north of Hankow on the Peiping-Hankow Railway, and on the Hupeh-Honan border. Ting Chao is the new director of the bureau, and is in complete control of the mountain.

The troops stationed on Kikungshan are to engage in some rather elaborate maneuvers during this week and next. The idea is to give the soldiers guarding the mountain resort wider experience in repulsing the enemy, should such a contingency arise.

Robber Bands Cross Over from Southeastern Honan to Join Reds in Northeastern Hupeh

Local robber bands have been active once more in western Honan along the Hupeh border. Pingshih, Hupeh, was threatened some days ago. Now there are reliable reports to the effect that Tenghsien is rather badly infested with growing bands of robbers. The military forces of the government are seeking to prevent these wandering bands from joining up with the Reds in the west.

President of the Examination Yuan Visits Wuhan

On his way back to Nanking from a two weeks' stay in Chengtu, Szechuan, Tai Chi-tao, President of the Examination Yuan arrived in Hankow last week. He was accompanied here by his secretary, Hsu Tsung-hao and Hsu Pei-hung, the well-known painter. From Hankow the party left the next day for the capital city.

Reds Worsted in Battle in S. W. Hupeh

The Reds under Ho Lung and Hsiao Keh were beaten in battle near Hsuan-en, south of Shih-en, in south-western Hupeh, if reports are to be relied upon. No less than 2,000 Red troops lost their lives in the severe fighting that lasted three days. Besides this the Reds had to surrender 1,000 rifles.

Gen. Hsu Yuan-chuan's troops are responsible for the reported victory. But the Reds are still at large. No accurate figure as to their actual numbers can be arrived at from our limited knowledge of the Reds.

Hankow, June 17, 1935.

University of Nanking Helds Annual Commencement

The 25th annual commencement exercises of the University of Nanking were held on June 16 and 17. Dr. T. Y. Lo of the Legislative Yuan, gave the baccalaureate address, speaking out of his own political, educational and religious experience, on the students' responsibility in the present crisis. President Y. G. Chen presided. Addresses were made by Chu Wen-chong secretary to President Lin Sen; Pang Hsioh-pei, Chief of the Political Division of the Executive Yuan; by Lui Cheng, chief of the division of general affairs of the Department of Education; and on behalf of the graduating students, by Li Kuan-hua.

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In the United States Court for China

ALBERT DELL JOHNSON, Plaintiff,
vs.
ETHEL JOHNSON, Defendant.

Cause No. 3869
Civil No. 1812
ORDER.
Filed at Shanghai, China, June 3, 1935.
William T. Collins, Clerk.
L. T. Kenake, Asst. clerk

The object of this suit is an action for divorce

WHEREAS, plaintiff herein, by his attorneys, has this 31st day of May, 1935, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 1st day of June, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 1st day of June, 1935, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since at any time, and that defendant's last known address was 1924—19th Ave., San Francisco, California, United States of America.

NOW, THEREFORE, it is this 3rd day of June, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 22nd day of June, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,
this 3rd day of June, 1935.

MILTON J. HELMICK,
Judge.

New Books of Interest in the Far East

The Power of the Chinese Boycott

A Study of Chinese Boycotts. With Special Reference to their Economic Effectiveness. By C. F. Remer. With the Assistance of William B. Palmer. The Johns Hopkins Press, Baltimore. 1933.

In this study of Chinese boycotts, Professor Remer has added another volume to his careful and painstaking studies of the economy of China in relation to the rest of the world. The Chinese boycott, indeed, has during the great bulk of its age-long history been an internal rather than an international weapon, but Remer is interested in it mainly in its latter aspect, and his study is devoted especially to the boycott as applied by the Chinese against foreign countries.

He does not neglect, however, to give the background—the passive resistance which was the only weapon—other than armed rebellion—the Chinese people possessed against an autocracy whose oppression became at times unbearable. The old Imperial regime and its officialdom was wholly absolutist and predatory, with greed and personal ambition as motive factors, and at times the people were driven to desperate resistance. Remer, it may be noted, is so discreet as to quote both the realistic school of Chinese observers, and also the writers whose impassioned eulogies of all things Chinese lead them into monarchistic apologetics,—such as Hsieh Pao-chao, who in writing of the Manchu regime refers to the "ancient right of rebellion, which . . . . served the Chinese for roughly four thousand years as a fundamental institution to make Oriental monarchism more democratic than most of the Occidental aristocracies!" As if any Chinese despot ever recognized the "right" of the people to rebel against him!

In any case, the boycott grew out of the strike in China—not the labor strike against employers, but the business strike—the partial or complete cessation of business—against officials. Remer gives some instances of this, of its connection with the guilds, and of the use of the boycott by guilds against their own refractory members. In the last century there developed local boycotts against some particular foreign nations, in connection with local incidents. In other words, weapons the Chinese people had used against their despotic enemies at home they began using also against aggressors from overseas. "With the rise of the Kuomintang, a group who have felt the solidarity of united resistance have themselves come to power, and the boycott is today more nearly the united effort of the Chinese people than it has been at any time in the past."

Remer deals with the various modern Chinese boycotts, from the first large-scale boycott in 1905, with a special view to their effectiveness. In order to ascertain this, he examines Customs returns both of China and of the foreign countries affected, month by month where possible, and with attention to different parts and ports of China, including various Customs commissioners' reports and other data. The study is most thoroughgoing and painstaking as regards economic effectiveness,—which as a matter of fact was surprisingly small down to about ten years ago. In giving immediate causes, however, and results of boycotts, the book is not nearly so complete.

It is interesting to note that the first large-scale boycott—the anti-American boycott of 1905 against exclusion of Chinese from the U.S. and harsh and insulting treatment of Chinese residents and visitors by American officials—was one of the most successful. This boycott, says Remer, "was discrimination against the goods of the United States because of the discrimination of the United States against the nationals of China." It did not, indeed, modify America's exclusion policy towards Chinese, but the harsh abuses by American officials were checked, a fact to which William Howard Taft pointed with pride two years later when in Shanghai. Economic effectiveness, however, was hardly noticeable in the Customs figures, Chinese imports from the United States increasing over 250 per cent between 1904 and 1905, while the American proportion of China's imports more than doubled. There was, however, some temporary dislocation of American trade at Canton, Shanghai, and some other southern and Yangtze ports.

From then on there was a fairly steady increase in the economic effectiveness of boycotts. The first boycott aagainst Japan, in 1908, was in protest against "the high-handed manner of Japan" in dealing with the seizure of an arms-running Japanese ship by Cantonese port officials, and also against "the supineness . . . . of their own government in agreeing to the Japanese terms." Remer in this case does not seem to have noted sufficiently the significance of the fact that the boycott *followed* the settlement of the incident—a settlement in which Japan "agreed to a stricter enforcement of the regulations controlling the traffic in arms and munitions between the two countries," thereby checking the supply of arms to Chinese revolutionists—which supplying was responsible for the original incident. While the "high-handed" attitude of the Japanese and the "supineness" of the Manchu Government undoubtedly aroused the Cantonese, it is to be remembered that most Cantonese had no love for the Manchus, and resented a settlement by which the Japanese were to supply arms only to the detested Imperial regime. As regards the *ostensible* reason for the boycott, "the Japanese Government proceeded to adopt a more conciliatory attitude toward Canton, and ordered the recall of the Japanese Consul-General in that city, who had refused to consider the arbitration of the 'Tatsu Maru' case." Significantly, however, "the boycott continued in force, ... and spread to Manila, Honolulu, and to other cities where Cantonese merchants were numerous." It was effective mainly in Canton and Hongkong, and had very little effect on Japanese-Chinese trade as a whole.

The two boycotts of 1909 are dealt with but briefly. The first of these was against Japanese goods, and resulted from the agreement of 1909 for the reconstruction of the Antung-Mukden military line—hooking up the South Manchuria Railway with Korea through a Japanese-controlled railway zone—and the subsequent Manchurian Convention. "There is little evidence that this boycott was effective, and practically no attempt was made to bring it into force throughout the country." The second boycott, against Great Britain because of the death of a Chinese at Kiukiang—the accused British Concession policeman having been acquitted in the British Court,—"was confined to the lower Yangtze Valley and particularly to Kiukiang."

The subsequent boycotts are dealt with in some detail, with regard to their economic effectiveness. The boycott of Japan resultant from the Twenty-One Demands in 1915 was the first on a nation-wide scale, spreading from Manchuria to Canton, and "the first which revealed the power of this weapon in the hands of the Chinese. The decline in Japanese trade was great for the brief period of severest boycotting." The 1919-21 boycott "over the Shantung question" (and against Japan's rule through the Anfu clique) was the first in which the initiative and leadership was taken by students (instead of by merchants' organizations), who gained effective support from consumers by direct propaganda, and in May-June 1919 supplemented the boycott by a students' strike, which was a main factor in securing the dismissal of three Anfu officials branded as "traitors." The boycott against Japan, declared to remain in effect until Kiaochow was returned to China, was in effectiveness "confined to Southern China in 1919 and to Central China in 1921. Boycotting may have been powerful also in Central China and in Northern China during the summer of 1920". It affected total trade returns somewhat, though careful study is necessary to find its results here. Its psychological effect, however, was considerable: "It kept public attention fixed upon the Shantung problem. It played a part in preventing 'direct negotiations' between China and Japan. There is little doubt that it was in the background at all times during the discussions at Washington."

The 1923 boycott against Japan, declared because of Japan's refusal to return the Liaotung to China at the expiration of the original lease, "was most effective during the months from May to August, and was especially vigorous in the Yangtze Valley," where some Chinese pickets had been killed (at Shasi and Changsha) while trying to stop the unloading of Japanese cargo. "It may be best described as an important temporary disturbance of trade," of which evidence is difficult to find in the annual statistics. It was brought to an end when the great earthquake occurred in Japan on September 1, 1923, which aroused great sympathy in China, where considerable funds were collected for the victims.

"The year 1925 marks a new stage in the development of the boycott, . . . closely associated with new developments in the revolutionary movement in China." The 1925 boycott, it will be remembered, started from the killing of a Chinese striker by a Japanese guard in a Japanese mill in Shanghai, this being followed by the Nanking Road shooting by Settlement police and this by the general strike in Shanghai. A boycott against the Japanese followed, but was soon switched exclusively to the British, in spite of the killing of eight Chinese (by Chinese soldiers) at a Japanese cotton mill in Tientsin. "The ease with which the Japanese escaped from their difficulties. . . . . remains an interesting point" regarding which Remer is very cautious, merely remarking (in connection with the strike and boycott against Hongkong) that "the attempt of the Russian advisers of the Kuominatng to direct all anti-foreign feeling towards the British was not unsuccessful." The "anti-Japanese boycott of 1925 was relatively short and almost completely overshadowed by that against Great Britain and Hongkong."

There are many omissions here. With regard to the economic effectiveness of the boycotts, Remer is highly reliable, but with regard to background, causes, and results he is sometimes quite vague. He gives inadequate attention to the Russian influence in transforming anti-Japanese feeling to anti-British, though he notes the "alignment of the students with the laborers" as a "new note in Chinese boycotts" and contributing to the effectiveness of the anti-British boycott. With regard to the Wanhsien incident, he mentions that Yang Sen "seized two river steamers belonging to a British firm," but does not mention the cause of the seizure—the sinking of Chinese boats, with considerable loss of money and lives, by the wash from these steamers.

The most serious omission, however, is failure to mention the positive aims of the boycott against Hongkong,—the demand for a definite alteration in the political order of the Colony which would bring it largely under Chinese control. Remer also gives no idea of the terms of settlement, suggests (for no given reason)

that the Diehard attitude of the Shanghai *North-China Daily News* at that time *might have been* the attitude of the Hongkong delegates to the conference with the Canton Government in July 1926, and connects the reported action of British gunboats in "protecting British interests" with the end of the boycott on October 10, 1926.

This boycott against Britain and Hongkong—particularly the latter—was far the most effective of the Chinese boycotts waged down to that time, and incidentally stimulated Japanese trade. In 1927, with the elimination of Russian influence and the dispatch of Japanese troops to Tsinan, a vigorous anti-Japanese boycott started, attaining its greatest effectiveness during July, though this was much less effective than the anti-British boycott during the early months of the year in the Yangtze Valley (in spite of Britain's most conciliatory attitude at Hankow). Remer fails to mention the killing of Chinese by Japanese marines at Hankow (glossed over by the Russian-controlled publicity organs there). He describes the murder of foreigners, raping of foreign women, and sacking of consulates at Nanking as merely "the looting of property belonging to foreigners," and describes the shooting down of the Shantung soldiers (fleeing in terror from the Reds who had seized Chapei) by British forces at Shanghai, as a "clash" with "Shantung troops who attempted to make a forceful entry" into the Settlement.

The first *effective* boycott of Japanese goods, in 1928-29, was the result of the clash between Japanese and Chinese Nationalist forces at Tsinan in May. Here, for the first time against Japan, there is "indisputable evidence of the economic effectiveness of the Chinese boycott," with a reduction of "Japanese exports to North China by about 10 per cent and Japanese exports to the rest of the country by about 25 per cent." It came to an end after the Japanese troops in Shantung returned to Japan in May, and the Chinese Government declared that all boycott associations should be disbanded, though the boycott persisted in Hankow throughout June in spite of the Government's order.

Remer devotes three chapters to the "Great Boycott" of 1931-33: History of the Boycott; the 1931 Boycott at Geneva; the Economic Effectiveness of the 1931 Boycott. As his study comes down only to June 1933, it does not show the subsequent revival of Japanese trade, but otherwise this section is most comprehensive. Remer is technically correct in saying that the Sino-Japanese Shanghai Agreement of May 5, 1932, "contains no mention of the boycott," but it should be noted that the first article of this Agreement as published provided that the two sides "will so far as lies in their control cease around Shanghai any and every form of hostile act," that the "Joint Commission" of Chinese, Japanese, and four Western Powers was empowered to watch over this, and that (as Remer states) the Chinese Government on May 6 "issued an order suppressing all anti-Japanese associations and putting an end to the boycott."

What stands out clearly as the result of Remer's study is that the total economic effect of Chinese boycotts has been very much less than commonly assumed. Not until the anti-British and anti-Hongkong boycotts backed by the Kuomintang in 1925 was any boycott clearly reflected in trade figures. As for the greatest of the boycotts—the recent one—this was by no means complete, but it brought a reduction which apppears at times to have reached

Help Your Children

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In the United States Court for China

ALEXANDRIA TRUMBULL, Plaintiff, vs. JOHN P. E. TRUMBULL, Defendant.	Cause No. 3882 Civil No. 1818 ORDER Filed at Shanghai, China, June 12, 1935. William T. Collins, Clerk, L. T. Kenake, Asst. clerk

The object of this suit is an action for divorce:

WHEREAS, plaintiff herein, by her attorneys, has this 12th day of June, 1935, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 12th day of June, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 12th day of June, 1935, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since the last four years and that defendant's last known address was c/o Browning's Cafe, Shanghai, China.

NOW, THEREFORE, it is this 12th day of June, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 29th day of June, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

this 12th day of June, 1935.

MILTON J. HELMICK,

Judge.

CUSTOMS NOTIFICATION No. 1451

The public is hereby notified that, in accordance with Government instructions, the collection of the 5% revenue surtax at present in force will be continued until the 30th June, 1936.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 17th June, 1935.

In the United States Court for China

In re. LAST WILL AND TESTAMENT of JAMES RICHARD WILKINSON Deceased	Cause No. 3886 S. P. No. 1024 NOTICE Filed at Shanghai, China June 19, 1935. William T. Collins, Clerk of the United States Court for China L. T. Kenake, Asst. Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of JAMES RICHARD WILKINSON, deceased, to present the same with vouchers to the undersigned on or before December 22, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

ANNIE B. WILKINSON
Wilkinson Hospital,
Soochow, China.

Shanghai, China
June 19, 1935.

50 per cent. It is interesting to note the rapid shift of the center of boycott from the Yangtze Valley to the South, where the Canton Government at first tried to firmly suppress the boycott, but which later became the great center. Japanese exports of cotton piece goods to South China "stopped in October, 1931, and there was no export at all during the next fifteen months." Japanese machinery and coal, however, were little effected by the boycott.

Remer includes Hongkong in his field of study, but not Singapore or other Chinese business centers outside of China. This, of course, would have taken him further afield, but it would have been interesting to note what effect the boycott had on trade figures in such centers—if any.

One incidental fact is the considerable discrepancy between Chinese and foreign Customs figures, and even discrepancies within the Chinese Customs figures themselves. As to the former, a large part is undoubtedly due to smuggling, but when we find Hongkong reporting exports to China of Hk. Tls. 194.3 million (at the exchange rate of that year) for 1932, while Chinese figures show Hk. Tls. 60.5 million, it is rather startling. It may be noted further that Korean exports to China in 1931, reduced to American currency, were reported as U. S. $6,000,000, while "China reported imports from Korea of U. S. $3.8 million" (a difference mainly due to smuggling). More peculiar is the fact that 1931 monthly returns of the Chinese Customs showed Hk. Tls. 193.7 millions of imports from Hongkong, while the annual report gave Hk. Tls. 218.4 millions. From this there was the decline to Hk. Tls. 60.5 million referred to above,—though Hongkong's figures showed no such catastrophic drop. The new tariff, of course, greatly stimulated smuggling, but this would not account for the internal discrepancies within the Chinese figures.

Remer refers to the latest development in the boycott—the use of terrorism by secret societies against merchants failing to observe the boycott. In two final chapters—a General view of Chinese Boycotts, and Boycotts in General—the author ventures his general conclusions. It is evident that the boycott succeeded at times in modifying American and British policy in a direction favorable to China. When, however, it is directed not against a comparatively liberal and democratic nation, but against a feudal military absolutism, it may call out savage and ruthless attempts to crush the boycotters into complete submission, with great suffering for the Chinese people. This is a political consideration which Remer does not go into, but it seems of vital importance to the present reviewer. No one of normal intelligence lumps all "bourgeois" nations together as "capitalist Imperialist," as if there were no difference in policy between Japan and America or Britain.

H. H.

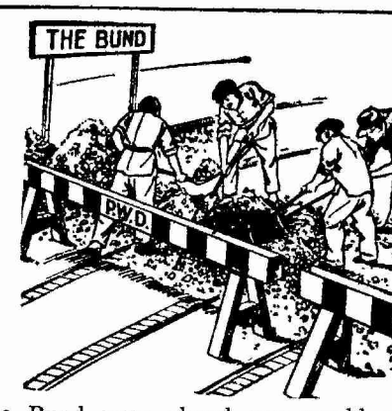
Mrs. Margaret Proctor Smith Favors Abolition of Extraterritoriality

The following are extracts from an address by Mrs. Margaret Proctor Smith, given on June 4 over a national hook-up from Radio City National Broadcasting Company, station WEAF, New York, condensed from her book, "Changing China." Mrs. Smith is a well-known writer and lecturer on Chinese topics. She spent several months in China last year, residing in Shanghai and Peiping. Her home is at Louisville, Kentucky.

Do not mistake and think of China as a land of coolies, restaurant keepers, laundrymen, and Fu Manchus only, or of low bred opium smoking dive dwellers—the impression too often gotten from stories and pictures. That is NOT China, poor, underfed, underprivileged as thousands of them are, due to heavy economic pressure. It is manifestly unfair to judge any nation by its lowest unfortunates.

One must now think of China in terms of her progress in every line of endeavor,—road building, aviation, land reforms, improved educational and agricultural methods, in terms of widened paved streets, and modern buildings, not only in large cities but in far, interior towns and villages. The advance in public health service, in hospitalization, sanitation, hygiene, is a thrilling story. Through the work of the Public Health Bureau at Nanking in charge of Drs. F. Heng Liu and Wu Lien-teh, China is being freed of the scourge of cholera and other dread diseases. In many districts, inoculation and vaccination are compulsory and serums are furnished free by this Bureau.

Chinese women are in the very front of China's progressive march. From the earliest times, they have played an important part in the history of their country, wielding tremendous influence in their households and even in the public life of their menfolk, even though they remained inside their walled pavilions and courts. Their emancipation from that sheltered life seems complete. There are two women members of the Legislative Yuan at Nanking. Dr. Ida Kahn recently deceased, Dr. Mary Stone, Dr. Wu, of Ginling College, Anna Kong Mei, are world figures. Mme. Chiang Kai-shek, Mei Ling Soong, is becoming as well known for her activities as her sisters, Mme. H. H. Kung and Mme. Sun Yat-sen. She is now traveling with her distinguished husband, Gen. Chiang Kai-shek, while he is at the head of the Government troops, putting down Communism in Szechuen. Five years ago, one could motor a short distance around Shanghai,—now one can travel on paved roads for hundreds of miles throughout the country. Bus and truck service are flourishing. Railroads are extending their lines and the service maintained is very good. It is confidently expected that there will be a full settlement of outstanding railway loans, in time. All over China, there is airplane service, on regular schedule, passenger, freight and mail. Julean Arnold, American Commercial Attache, has recently made a splendid suggestion in urging the establishment of a "China House" in the United States. Pressure should be brought to bear at Washington, for the abolition of extraterritoriality,—frightful word, that. It is an anomalous and now an unnecessary condition, a frequent cause of friction and a cloak under which much evil hides.



If the Bund were closed you would expect traffic congestion and the troubles that result therefrom. The same applies to the four roads through which the poisons generated in the human body escape—the breath, perspiration, the kidneys and the intestines. Constipation closes the greatest of these roads, throws the poisons back into the system and trouble follows.

When conscious of such congestion in your own system try Pinkettes. Gently, yet quickly and surely, these dainty little laxatives dispel constipation and liven up the liver, thus correcting the causes of biliousness, vertigo, floating spots before the eyes, sick headaches, coated tongue, foul breath. Pinkettes also relieve piles. Sold by chemists everywhere.